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To His Excellency, Field Marshal the Right Honourable
Viscount Alexander of Tunis, G.C.B., G.C.M.G., etc.,
Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

The undersigned has the honour to present
to Your Excellency a report on operations under Part II
of The Export Credits Insurance Act for the fiscal year
ended March 31st, 1947.

All of which is respectfully submitted,

(Sgd.) D. C. Abbott

Minister of Finance.

Ottawa, July 14th, 1947.

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Canada, Finance, Dept. of

REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1946-47



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REPORT ON OPERATIONS UNDER PART II OF THE
EXPORT CREDITS INSURANCE ACT DURING THE
FISCAL YEAR 1946-47.

TABLE OF CONTENTS

1. General.
 2. Amendments to the Act to broaden the purposes for which credits may be used.
 3. Summary of operations during the year:
 - (a) New credits and additional credits.
 - (b) Authorizations making credit funds available for the broader purposes authorized by the amendments to the Act of July 1, 1946.
 - (c) Extension of the periods during which credits may be utilized.
 - (d) Encumbrance of credit funds.
 - (e) Bonds delivered under Agreements.
 - (f) Reports by borrowing Governments on purchases.
 - (g) Total credits made available under Part II of the Act, as of March 31, 1947.
 4. Salient Features of operations under the Agreements with individual countries during the fiscal year.
 5. Operations under the guarantee provisions.
- Tables.
- Appendices.

REPORT ON
OPERATIONS UNDER PART II OF THE EXPORT
CREDITS INSURANCE ACT DURING THE FISCAL
YEAR 1946-47

1. GENERAL

Part II of The Export Credits Insurance Act, 1944, as amended on July 5, 1946, permitted the Governor in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, to authorize the Minister of Finance to enter into agreements with foreign governments or their agencies (a) to provide them with credits to enable them or any person ordinarily resident in such country to pay the cost of Canadian-produced goods or the cost of Canadian services, or (b) to purchase or guarantee securities issued by them for the purpose of making such payments, or (c) to guarantee obligations undertaken or guaranteed by such government or agency under contracts to purchase Canadian goods and services, if such action is deemed advisable for the purpose of facilitating and developing trade or any branch of trade between Canada and any other country.

The aggregate amount of loans made and outstanding at any time and the value of securities purchased or acquired and held at any time is not to exceed \$750 million, and the aggregate amount of guarantees outstanding at any time is not to exceed \$200 million. At March 31, 1947, the aggregate amount of loans made and outstanding, against total credits authorized of \$594,500,000, amounted to \$334,782,632.39. The aggregate amount of guarantees outstanding at the same date totalled \$796,056.30.

The main purposes and objectives of the long-term credits provided under this legislation and the policies being followed in respect to them have been outlined to Parliament on various occasions by the Minister of Finance, particularly in the speech delivered on December 3, 1945, when the Bill to increase the aggregate amount of the loans which may be made under the Act was being considered, and in the Budget speeches of June 27, 1946, and April 27, 1947. At the end of the war many of Canada's allies, with whom a large proportion of Canada's trade had been carried on in the past and will be carried on in the future, were unable to finance, without help, the purchases of commodities urgently required by them during the period of rehabilitation and reconstruction of their economies. It has been recognized that Canada has an interest in enabling these countries to obtain raw materials, food and other essential commodities which she is in a position to supply, not only to maintain export markets for Canadian products during the transition period when reconversion of Canadian industry from war to peacetime production is being undertaken, but also to assist these countries to re-establish their economies, to enable them to regain their position in international trade on a satisfactory basis, and thus to become continuing customers and suppliers. The interest of Canada in the restoration of social and political stability in the borrowing countries, and thereby in the achievement of a just and enduring peace, is equally real and important.

The credits under this legislation are a part of a broader program being undertaken by this country and by other countries to assist in the rehabilitation and reconstruction of a world recuperating from the war and to facilitate the re-establishment and the development of a multilateral system of world trade on a more enduring and stable basis. The post-war international lending for these purposes by all countries up to the end of March, 1947, is estimated at about 15 billion dollars. Up to the

end of March, 1947, Canada has made available loans amounting to \$1,844.5 million of which \$594.5 million has been granted under The Export Credits Insurance Act and \$1,250 million under the United Kingdom Financial Agreement Act. During the same period the United States Government has, according to recent data, made available approximately \$9,400 million under various types of foreign credits in addition to direct postwar relief and reconstruction grants. The principal loans were the \$3,750 million credit to the United Kingdom and loans granted through the Export-Import Bank amounting to approximately \$2,550 million. In addition, credits extended by the United States Government to foreign countries for the purchase of certain lend-lease goods, for U.S. surplus property located abroad, and for the purchase of U.S. surplus vessels, amounted to approximately \$2,870 million at the end of 1946. Other credits for civilian supplies and special government credits amounted to approximately \$205 million. Credits granted by all other countries of the world up to the end of 1946 are estimated at approximately \$3,700 million¹.

In addition to the provision of foreign credits, Canada, along with other countries, has made relief contributions during the postwar transitional period. Supplies were provided by Canada under Military Relief arrangements to various European countries to a value of approximately \$96 million², and contributions by Canada to UNRRA amounted to \$154 million. The Government has recently announced that a special post-UNRRA relief appropriation of \$20 million will be provided in 1947-48. The assistance provided by Canada under these arrangements and under the

¹Estimates made by M. A. Kriz published in "Postwar International Lending", Essays in International Finance by the International Financial Section of Princeton University and referred to in the semi-annual report to Congress of the Export-Import Bank of Washington, place postwar international lending up to the end of 1946 at approximately \$15,000 million. Credits granted by the United Kingdom are estimated at \$700 million to \$750 million, by Sweden at \$700 million to \$725 million, by Argentina at \$600 million, by Switzerland at \$210 million, and by other countries other than Canada and the United States at \$1,400 million to \$1,500 million. These credits include holdings of sterling and other foreign exchange balances acquired since the end of the war and other overdraft facilities extended through various payments agreements.

²A Canadian contribution totalling approximately \$96 million was made under a combined United States-United Kingdom-Canadian program to provide food, medical supplies and other civil affairs' supplies in the post-liberation period before UNRRA or local governments were able to take over. Of this amount, approximately \$85 million represented direct purchases out of Canadian appropriations, the balance being supplies originally purchased for the United Kingdom out of Mutual Aid funds but later diverted by that country into the Military Relief program and credited to Canada. A portion of the cost of these supplies has been recovered from UNRRA (\$4.5 million) in settlement for stocks turned over to UNRRA in the Balkans, and a further amount of \$3.1 million has been recovered from the disposal of surplus stocks. The governments of countries receiving these supplies have been requested to pay for them, and it is expected that Canada will receive some future settlements in respect of these claims.

lending programs have been intended as transitional measures to provide financial assistance, particularly during that period before the broader international facilities established by the organization of the International Bank for Reconstruction and Development and the International Monetary Fund could be brought into full operation. These facilities are now available. In the meantime it has become evident that the magnitude of the financing required by European countries during the period of rehabilitation and reconstruction far exceeds the sums already made available and lies beyond the scale anticipated in 1944 and 1945. The almost unimaginable war destruction of physical resources and human organization, the obstinate persistence of the coal shortage, the cruel coincidence of widespread crop failures in many countries at this critical time and unexpectedly high export prices have all together brought about a prolonged period of acute difficulties and recurrent crises. Inability to reach basic political agreement among the major victorious powers has delayed and frustrated attempts to reach prompt solutions. New hope for a comprehensive and adequate answer to the problem of European reconstruction has recently arisen from the challenging proposals put forward by Secretary Marshall in his famous speech of June 5 at Harvard, and the immediate action taken by the Governments of France and the United Kingdom to organize the practical co-operation of European nations needed to implement Marshall's proposals. The outcome of these momentous efforts will be of deepest consequence to Canada, for the restoration of Europe is vital not only to Canada's future trade but also to her peace and security.

Although conditions brought about by the war promoted the diversification of Canadian industry and enabled it to meet more of Canada's domestic requirements, export trade remains a principal factor determining prosperity and employment in Canada. The national economy, and in particular certain regional economies, are geared to export trade. During the war high levels of production, employment and incomes were largely maintained by the abnormal war demands. The provision of export credits in the immediate postwar period has been a significant factor in assuring a continued market for Canadian products at a time when conversion of our industries to peacetime production was in process. In general, this process of reconversion has been satisfactory. There have been some stoppages in production and supply bottlenecks, temporary shortages of labour in some areas and surpluses in others, but, in general, industrial reconversion and the absorption of personnel from the armed services and war industries into peacetime work have been rapid and have been accomplished smoothly with remarkably little unemployment.

Export of food and raw materials has been continued at high levels. Export of peacetime manufactured products such as locomotives, railway cars, trucks, ships, machinery and chemicals is replacing war supplies. The value of total exports of Canadian produce during the fiscal year 1946-47, as reported by the Dominion Bureau of Statistics, amounted to \$2,389 million. That exports of civilian supplies has been maintained at levels far above prewar is indicated by the fact that the average exports of Canadian produce in the fiscal year 1936-37 to 1938-39 amounted to \$1,020 million. The part that export credits have played in sustaining a high level of exports is indicated by the figures shown in Table I, in which our trade during the last two fiscal years with countries to which credits have been made available is compared with the amount of these credits utilized. It should be noted, however, that there is no precise relationship between

credits granted and the value of exports recorded in any specific period. Exports to the borrowing countries in the years 1945-46 and 1946-47 were partly financed in varying proportions under Mutual Aid, Military Relief and UNRRA arrangements, by Canadian dollars obtained through interim credits, from war settlement payments paid by Canada, and from current receipts for imports and other current services sold to Canada. In addition, a portion of the credit funds advanced have been used for progress payments, for freight and for other payments for Canadian services not included in the export figures.

Important characteristics of the structure of the Canadian economy and the pattern of Canadian trade have not been altered by the war and postwar developments. Certain of these are emphasized in the report on the operations of the Foreign Exchange Control Board for the year 1946, which gives a detailed picture of Canada's international financial transactions in that year and the problems which must be met. Canada is not only highly specialized as to output and dependent on export markets, but is also dependent upon other countries, particularly the United States, for a wide range of basic commodities, industrial equipment, and consumers' goods. A high level of income in Canada has been associated with a high level of imports from the United States. Before the war it was characteristic for Canada to have a substantial export surplus in its balance of payments with the United Kingdom and Europe, and on the other hand to have a large deficit balance, (i.e., a surplus of payments to make for imports and other current accounts) with the United States, because of heavy net imports from that country and limited export markets there. It was possible, however, to sell the sterling and European currencies obtained overseas to meet Canada's net requirements of dollars in the United States, and this was done on a substantial scale. During the war this possibility no longer existed, but the special problems of war were met by special war arrangements, culminating in Mutual Aid on the one side, and the arrangements under the Hyde Park Agreement, on the other. As a result of heavy sales of grain and war supplies to the United States in the late years of the war, and the investment in Canada of much U.S. capital then and immediately after the war, Canada was able to accumulate substantial foreign exchange reserves by mid-1946.

Since the early part of 1946, Canada's traditional balance of payments characteristics have reasserted themselves under circumstances where the usual solution could not be fully applied. Payments to the United States for imports have been very high, greatly exceeding receipts from that country and net receipts from other countries with which our trade is on a dollar basis. The United Kingdom and Europe have not been able to pay Canada usable foreign exchange for more than a fraction of Canada's exports to them, for the reasons explained above, and Canada has consequently had to sell to these areas on credit while buying in the United States and elsewhere for cash. As a result, it has been necessary to draw substantially upon the foreign exchange reserves accumulated in previous years. Countries receiving credits do in almost all cases pay for a portion of their Canadian purchases in foreign exchange, and that portion is rising, which eases somewhat the drain on Canadian exchange reserves. As the financing of European reconstruction is taken over by the International Bank and whatever new sources of U.S. financing emerge from current developments, Canada should find it possible to sell her exports for foreign exchange that can be used to pay for imports and thus maintain the flow of international trade.

During the fiscal year 1946-47 no new credits were granted under The Export Credits Insurance Act, other than those which had already been negotiated or promised during the previous year. The Canadian Government has received during the year several applications for new and additional credits, but has followed the policy that, under present circumstances and in view of the various factors briefly noted above, further commitments would not be advisable. Canada's contributions and commitments in the field of international financial assistance since the end of the war are already substantial. In addition, because of the limitations of the supply position, a number of the loans previously made available have not been utilized as quickly as was originally anticipated. The effects of the lending policy under this legislation in the provision of financial assistance to borrowing countries and its effects on Canadian industry and trade during the transition period are therefore being extended over a longer period than was expected. The special factors which enabled Canada to undertake a program of foreign lending during the transition period are of necessity limited by the inherent character of the Canadian economy and its international financial and trade relationships. Within the limits so established, Canada has acted promptly and effectively to provide credits and urgently needed exports to Allied countries on a scale that compares favourably with any other nation, and which has contributed substantially to meeting the very great difficulties encountered in rebuilding a world in which men can live, work and trade in peace.

2. AMENDMENTS TO THE ACT TO BROADEN THE PURPOSES
FOR WHICH CREDITS MAY BE USED

On July 5, 1946, an Act (10 Geo. VI, Ch.49) was passed to amend The Export Credits Insurance Act. As enacted originally on August 15, 1944, Part II of the Act authorized loans to be made to foreign governments or their agencies only to purchase Canadian-produced goods and not Canadian services. As it is in the interests of Canadian trade to promote the revival and development of Canadian services associated with trade, the amendment was intended to enable the credits to be used to purchase Canadian services as well as goods. This provision was also made applicable to the guarantees made under Part II of the Act. As it was also felt advisable to enable war surplus property to be purchased with funds made available under credit agreements, the amendment provided that the loans may also be used to purchase goods owned by the Canadian Government or the Government of any province of Canada.

A second feature of the amendments made in 1946 was to enable the credits to be used in financing purchases in Canada by private importers in the borrowing countries. Before and immediately after the end of hostilities, all major purchases were being made by official purchasing missions or agencies, and the original provisions of The Export Credits Insurance Act, Part II, were drafted with this in mind, and consequently provided funds only for purchases by the borrowing governments or their agencies. By 1946 various European countries were able to arrange to return to private importing of various supplies, and were planning to restore private trading as rapidly as possible. Such developments were considered to be in Canada's interest as well, because they promoted the re-establishment of former trade connections or the formation of new ones, and these would be of lasting benefit to export trade. Consequently the amending Act permitted the funds advanced as credits to be made available for purchases in Canada by any person ordinarily resident in the borrowing country.

In making these credit funds available for use by private importers, it was necessary to make suitable

adjustments in the Foreign Exchange Control regulations, which previously required payment in U.S. dollars for Canadian exports to these areas, and to which specific exceptions had been made for government credit purchases. This was done by the Foreign Exchange Control Board in December, 1946, in new regulations which designated various European borrowing countries and their currency areas as "special arrangement countries", exports to which could be sold for Canadian dollars, including, of course, dollars provided under credit agreements. Appropriate arrangements were made to ensure that the Canadian dollars used in such trade were obtained from sources acceptable to the Foreign Exchange Control Board and not from transactions in unofficial markets outside Canada.

In addition to these amendments, there was another minor one extending from August 15, 1947, to December 31, 1947, the termination of the period during which the Governor in Council can authorize loans or guarantees under the legislation.

3. SUMMARY OF OPERATIONS DURING THE YEAR

(a) New Credits and Additional Credits

The credit to France which had been agreed upon and announced in 1945 was embodied in a formal agreement signed April 9, 1946, and ratified by the Constituent Assembly of France on April 25. The agreement provides for a credit of \$242,500,000 to be available to France up to June 30, 1947, and to be used, according to an accompanying exchange of letters, for paying not more than 80% of the cost of a program of purchases submitted by the French Supply Council. The credit is to be repaid in thirty equal annual instalments, commencing December 31, 1947, and bears interest at the rate of 3% per annum.

In accordance with the understanding previously reached and announced, the credit to Belgium was increased from \$25,000,000 to \$100,000,000. This was put into effect by a supplementary agreement signed May 2, 1946.

The credit to Norway was also increased in accordance with an understanding reached and announced in the previous year. A supplementary agreement dated June 6, 1946, increased the total credit to be made available from \$13,000,000 to \$30,000,000.

A new guaranteed credit of \$12,750,000 was made available in this fiscal year, as noted below in Part 5 of this report.

(b) Authorizations making Credit Funds Available for the Broader Purposes authorized by the Amendments to the Act of July 1, 1946

Action was taken during the year under review to make credit funds available for the broader purposes authorized by the amendments of 1946 in respect of three countries, and was pending at the end of the year in respect of certain others.

The agreements with the Governments of France and Belgium provided that the credits could be used for any purposes approved by the Government for which monies advanced under Part II of the Act, as amended from time to time, could be used. At the request of these Governments, Orders-in-Council were passed, authorizing the use of the credits made available under the agreements with them for the payment of the cost of Canadian services and for use by residents of France and Belgium in private purchases in

Canada. On January 29, 1947, a supplementary agreement was entered into with the Government of the Netherlands, which provided that the funds advanced under the principal agreement could be used for the purpose of paying the cost of Canadian services and to enable persons ordinarily resident in the Netherlands to pay for purchases in Canada.

A request for a supplementary agreement to permit the use of credit funds for private trade and for payments for services has been received from the Government of Czechoslovakia, and requests for agreements permitting the use of funds for payment for services from the Governments of China and the Netherlands Indies. Action on these requests had not been taken by the end of the year under review, but was under consideration early in the following fiscal year, and a supplementary agreement with the Government of China was entered into in May, permitting the use of credit funds for payment for services. The use of credit funds for private trade has been discussed with representatives of the Government of Norway but no specific request for action on it has been received.

As soon as suitable arrangements are made by which private trade may be financed from credit funds, purchases in Canada by the special Government purchasing agencies of the countries concerned, through which most of their post-war purchases in Canada had previously been made, will be partially, and in some cases fully, replaced by purchases through normal trade channels.

(c) Extension of the Periods during which Credits may be Utilized

When credit agreements were made with the various borrowing countries, the amount of credit provided and the period over which it was to be available were determined after consideration had been given to the program of requirements in Canada of each particular country, the need of that country for such credits, and the anticipated capacity of Canadian production to meet these purchasing programs. It has turned out that the demands on Canadian exports, particularly of agricultural and metal products, have been greater than were anticipated, and borrowing countries have had difficulties in meeting their requirements within the periods during which the credits were originally to be available. The Governments of several borrowing countries have therefore requested that the period over which the credits are available should be extended to enable them to complete their programs of purchases in Canada.

During the year under review, a supplementary agreement was entered into with the Government of Czechoslovakia, dated June 28, 1946, extending for a further 12 months the period during which the credits provided under that agreement would be available for use by the Government of Czechoslovakia. In May, 1947, following the end of the year under review, agreements were also reached with the Government of the Netherlands and the Government of China, extending for 12 months in each case the period during which the credits being provided to them would be available for making expenditures in Canada. Similar extensions in other cases are currently under consideration.

(d) Encumbrance of Credit Funds

Several of the borrowing Governments have been availing themselves of the facilities of Canadian Government procurement agencies, particularly the Canadian Commercial

Corporation and the Wheat and Grain Division of the Department of Trade and Commerce, for making purchases in Canada. The normal practice of these Canadian Government procurement agencies has been to require the deposit of funds to cover commitments made on behalf of foreign Governments or their agencies. In view of the magnitude of the orders placed by countries making use of credits and the desire to avoid tying up unnecessarily substantial amounts of funds to cover commitments made on such orders, arrangements were worked out whereby credit funds may be encumbered against orders placed and may be subsequently drawn and transferred to the procurement agency from time to time as payments are required under contracts which they have placed on behalf of borrowing countries. In some cases similar arrangements have also been made by which encumbrances are set up by the Department of Finance against letters of credit issued by commercial banks on behalf of borrowing governments or their agencies. The total of encumbrances against credit funds outstanding as of March 31, 1947, is shown in Table II.

(e) Bonds Delivered
under Agreements

The form of bonds delivered in accordance with the credit agreements and representing the consolidation of the advances made under the agreements, is relatively simple in the first instance, appropriate for holding by the Government of Canada itself. Provision is made, however, for the exchange of these bonds, if the Canadian Government so desires, into forms that would be negotiable and appropriate for private investors in Canada and elsewhere. The bonds are to be free of all present and future taxes of the borrowing government except when beneficially owned by a resident of that country, in which case the owner would presumably be subject to the usual income or other taxes on interest, capital value, transfer, etc. The bonds are subject to redemption as a whole or in part at the option of the borrowing government.

(f) Reports by Borrowing Governments
on Purchases

Borrowing Governments have been requested to provide periodic statements listing payments made for Canadian goods and services under their purchase programs in Canada which are being financed in whole or in part by credits provided under this Act. These detailed statements enable the Canadian Departments concerned to ascertain that adequate expenditures have been made on items coming within the definitions of Canadian goods and services in the Act.

(g) Total Credits made available under
Part II of the Act as of March 31, 1947

The total credits made available under Part II of The Export Credits Insurance Act at the beginning of the fiscal year amounted to \$260,000,000. The conclusion of the agreements with France, Belgium and Norway increased during the fiscal year the total amount of credits made available by \$334,500,000 to a total of \$594,500,000. As of the end of the fiscal year 1946-47, a total of \$354,782,632.39 of these credits had been advanced. The net additional amounts encumbered against outstanding orders amounted to \$21,423,551.76.

Table II gives in detail the advances by months and fiscal years to each of the borrowing Governments under the various agreements up to March 31, 1947, and indicates the net credit still available to each Government. (Guaranteed credits are not included here but described in Section 5 below.)

4. SALIENT FEATURES OF OPERATIONS UNDER THE AGREEMENTS
WITH INDIVIDUAL COUNTRIES DURING THE FISCAL YEAR

(a) Belgium

On May 2, 1946, an amending agreement with the Government of Belgium was signed, authorized by Order-in-Council P.C. 1514 dated April 16, 1946, increasing the amount of the credit granted under the principal agreement of October 25, 1945, from \$25,000,000 to \$100,000,000. This additional credit is subject to the same terms and conditions as the original agreement. Copies of the Order-in-Council and the amending agreement, together with an exchange of letters concerning the agreement, are set forth in Appendix I(a).

In accordance with the terms of the agreement with the Government of Belgium, the principal amounts advanced during the period from October 25, 1945, to June 30, 1946, and interest at the rate of 3% on each amount from the date it was paid into the account of the National Bank of Belgium to June 30, 1946, were consolidated into one amount. The total advances made during this period amounted to \$41,000,000 and interest accruals to June 30, 1946, amounted to \$459,698.62, making a total consolidated debt of \$41,459,698.62. Thirty bonds, covering this total amount were delivered by the Government of Belgium to the Minister of Finance in evidence of this consolidated debt; they bear interest at 3% payable semi-annually and mature serially over a period of 30 years, the first falling due on June 30, 1947. Interest due on these bonds on December 31, 1946, totalling \$621,895.48 was received in full.

At the request of the Government of Belgium, the proceeds of the loans granted under the agreement dated October 25, 1945, as amended on May 2, 1946, were made available for the additional purpose of paying for the cost of Canadian services and for use by private Belgian importers to pay the cost of Canadian goods and services. Copies of the relevant Order-in-Council and the exchange of letters concerning this action are set forth in Appendix I(b).

As at March 31, 1947, the total advances made under the agreements with the Government of Belgium amounted to \$51,000,000. The value of total orders placed in Canada by the Government of Belgium through its agency the Belgian Economic Mission from the time credit funds were made available up to March 31, 1947, amounted to \$100,592,904. Appendix I(c) shows the approximate values by commodity groups of orders placed in Canada during this period. Total payments against these orders, from credit funds and from other Canadian dollar and foreign exchange resources of the Government of Belgium, amounted as of March 31, 1947, to \$94,570,987, including payments made both on goods already delivered and on orders in process. In addition, payments for freight and other services in Canada amounted to \$12,153,490.

(b) China

During the year under review no new agreement or supplementary agreements were entered into with China. (Note, however, the guarantee agreement with a Chinese Corporation described in Part 5 below.)

In May 1947, after the end of the year under review, a supplementary agreement was entered into with the Government of China which made the funds provided under the principal agreement available for use in purchasing Canadian services and which also deferred, from December 31, 1947 to December 31, 1948, the end of the period during which the credit funds provided under the principal agreement could be utilized.

At March 31, 1947, a total of \$19,496,491.99 had been advanced under this agreement and an additional net amount of \$7,794,759.22 encumbered against outstanding orders. Of the total \$27,291,251.21 credit funds advanced or encumbered, \$19,266,186.81 is applicable to the \$35,000,000 portion of the loan available for general post-war reconstruction, and \$8,025,064.40 to the \$25,000,000 portion reserved for uncompleted mutual aid and other war surplus items. A breakdown of the purchases approved under the two portions of this loan is shown in Appendix II. The main purchases financed under the general credit were railway ties, rails and accessories, wheat flour, steel bridge materials and telecommunication equipment. The special portion of the credit reserved for uncompleted mutual aid and other war surplus items has been used mainly for purchases of ships for civilian purposes, copper wiring, some small arms and ammunition, and optical grinding machinery.

Total orders placed in Canada by the Chinese Government Supply Agency, on behalf of the Government of China, from the time the credit was made available up to March 31, 1947, amounted to \$28,151,888.72. Total payments made against these orders from credit advances and from other cash resources amounted, at the same date, to \$21,149,626.91. In addition to the purchases being made in Canada by the Chinese Government Supply Agency, considerable purchases have also been made by private Chinese importers for which payment has been made in foreign exchange. Details of these private purchases are not yet available.

(c) Czechoslovakia

As already noted, the Government of Czechoslovakia requested an extension of twelve months in the period during which advances could be made under the original credit agreement. This request was made because of the difficulties which had been experienced by the Government of Czechoslovakia in obtaining the supplies most urgently required for the reconstruction and rehabilitation of the Czechoslovak economy. In accordance with this request, an amending agreement was made and signed June 28, 1946, extending for 12 months the period during which advances could be made under the original agreement. A copy of this agreement and the Order-in-Council authorizing the Minister of Finance to enter into it is included in Appendix III(a).

At March 31, 1947, a total of \$4,860,677.90 had been advanced under the agreement with the Government of the Czechoslovak Republic, and an additional net amount of \$3,628,792.54 encumbered against outstanding orders. A statement of the purchases approved under this agreement, amounting to \$8,489,470.44 as of March 31, 1947, is shown in Appendix III(b). Total orders placed in Canada, at the same date, amounted to approximately \$9,253,810 and payments against these purchases amounted to approximately \$4,722,643.

(d) France

The agreement reached with the Government of France, in September 1945, for the provision of a credit of \$242,500,000, carrying interest at 3% and repayable in 30 equal annual instalments commencing in 1947, was implemented early in the fiscal year under review in this report by a formal agreement signed on April 9, 1946. This agreement was ratified by "l'Assemblée Constituante de France" on the 25th of April. The agreement took effect on May 2nd when notification of ratification was given by the French Ambassador in Ottawa. The text of the agreement and certain related documents including an exchange of letters between the Minister of Finance of Canada and the French Ambassador to Canada are set forth in Appendix IV(a). It will be noted from this exchange of letters that the credit is to be used in making purchases in accordance with a program submitted by the French Supply Council, which program may be added to by agreement. It is further provided that the credit used will not exceed 80% of the total value of the purchases made under this program within certain specified periods, the remaining 20% or more to be paid by the Government of France in cash.

As mentioned in the report on operations in the fiscal year 1945-46, the Governor in Council had, prior to the conclusion of this agreement and in contemplation of it, authorized purchases to be made by Canadian Government procurement agencies on behalf and at the request of the Government of France, to be financed by interim advances under the authority of Section 3 of the War Expenditure and Demobilization and Appropriation Act No. 2, 1945, and previous War Appropriation Acts. The total amount expended under this authority on behalf of the Government of France amounted to \$86,985,135.77. In December 1946, the Government of France repaid the full amount of these advances out of the credit funds made available under the agreement of April 9, 1946. As it had previously been agreed that these interim advances would bear interest at the same rate as that specified in the credit agreement, arrangements have been made for payment of the interest, accrued from the date such advances were made up to the date on which they were reimbursed from credit funds, by the delivery of bonds with the same conditions, terms and dates of maturity as those to be delivered under the credit agreement of April 9, 1946. This arrangement, in effect, enables interest on the interim credits which had been advanced in contemplation of the credit agreement, to be consolidated at the same time and on the same terms as interest accruing on the funds drawn under the credit agreement. The accrued interest on these interim credits amounted to \$2,402,411.87.

As of March 31, 1947, total advances to the Government of France under the agreement of April 9, 1946, including those funds used by the Government of France to repay the interim advances referred to above, amounted to \$156,400,000. Total commitments by the Government of France against its post-war program in Canada, through its agency the French Supply Council, amounted to approximately \$358,000,000 as of March 31, 1947. A breakdown by commodity groups of total commitments made under this program up to the end of January 1947, is shown in Appendix IV(b).

Total payments made in Canada against this program, by the French Supply Council, including payment made both for orders completed and orders in process,

amounted to \$235,218,011.26 as of March 31, 1947. These payments include not only payments from credit funds and cash payments subsequent to July 20, 1945, in accordance with the agreement, but also cash payments made by the French Government on all requisitions placed prior to July 20, 1945.

At the request of France and on the authority of Order-in-Council F.C. 5314 dated December 27, 1946, it has been agreed that advances made under this agreement may be used to pay the cost of Canadian services as well as the cost of Canadian goods and may be placed at the disposal of private French importers for payment of purchases in Canada. A copy of the Order-in-Council is contained in Appendix IV(c).

(e) Netherlands

On the authority of Order-in-Council P.C. 5315 dated December 27, 1946, the principal agreement with the Government of The Netherlands was amended to enable the credit funds to be used to pay the cost of Canadian services and also to enable them to be made available under the agreement to be used by residents of The Netherlands to make private purchases in Canada. Copies of the Order-in-Council, the supplementary agreement and the exchange of letters at the time of signing the supplementary agreement are set forth in Appendix V(a).

The original agreement with the Government of The Netherlands signed on May 1, 1945, provided a credit of \$25,000,000. Subsequent to the amendment of the Act, in December 1945, to increase the aggregate amount of loans which may be made, this agreement was superseded by an agreement dated February 5, 1946, increasing the amount of the credit made available to \$125,000,000. As mentioned in the report of the last fiscal year, in order to enable The Netherlands Government to continue its purchasing program in Canada during the period after the full amount granted under the original agreement had been utilized and prior to the completion of a new agreement, the Governor in Council authorized purchases to be made by Canadian Government procurement agencies on behalf of The Netherlands Government, financed by interim advances under the authority of Section 3 of the War Expenditure and Demobilization and Appropriation Act No. 2, 1945, and previous War Appropriation Acts. Total expenditures made under these authorities amounted to \$18,589,902.99. During the fiscal year all such expenditures made on behalf of the Government of The Netherlands by the Canadian Departments of Trade and Commerce and Agriculture, totalling \$14,999,185.57, have been repaid by The Netherlands Government from credit funds authorized under the agreement of February 5, 1946. Net expenditures financed in this way by the Department of Reconstruction and Supply for purchases of non-combat military supplies on behalf of The Netherlands Government, amounted to \$3,590,717.42 at March 31, 1947.

As of March 31, 1947, total advances to the Government of The Netherlands under the agreements of May 1, 1945 and February 5, 1946, including those funds used by The Netherlands Government to repay the interim advances referred to above, amounted to \$76,303,363.81. In addition, the net encumbrance against outstanding commitments under contracts to purchase lumber in Canada amounted to \$10,000,000. Total orders placed in Canada by agencies of the Government of The Netherlands up to the same date and of which detailed information is available, amounted to approximately \$91,000,000. A

breakdown by commodity groups of orders placed in Canada up to the end of the fiscal year by The Netherlands Purchasing Commission and The Netherlands Government Food Purchasing Bureau, through whom practically all purchases in Canada by The Netherlands Government up to the present have been made, are shown in Appendix V(b). In addition to the orders placed through these two agencies, amounting in value to approximately \$80,000,000, contracts placed by The Netherlands Government through the Department of Reconstruction and Supply for non-combat war supplies consisting chiefly of clothing and some billet and mess equipment for The Netherlands army, amounted to approximately \$11 million. Under war claims settlements with The Netherlands Government a portion of these supplies, amounting in value to \$4,400,000, was provided by the Canadian Government as partial settlement for the supplies and services provided by The Netherlands to the Canadian Army overseas.

Total payments made in Canada by The Netherlands Government, both for orders already filled and orders in process, amounted to approximately \$81,000,000 as at March 31, 1947.

Since the end of the year under review a supplementary agreement has been made with The Netherlands Government, dated May 20, 1947, which extended until April 30, 1948 the period during which the credit provided under the principal agreement could be utilized and deferred until the same date the consolidation of the amounts advanced and the delivery of bonds representing that consolidated debt.

(f) Netherlands Indies

In view of the political and constitutional changes taking place in the government of the Netherlands Indies, consequent upon the Cheribon Agreement and related negotiations and arrangements between the Netherlands authorities and the Indonesian representatives, the Canadian Government asked the Government of the Netherlands itself to guarantee the obligations to Canada of the Bank for the Netherlands Indies under the credit agreement made in 1945. The Government of the Netherlands informed the Secretary of State for External Affairs that it would give this guarantee, and stated that it had introduced a Bill in the Netherlands Parliament for this purpose. Pending action by the Government of the Netherlands along these lines, consolidation of the advances made under the credit agreement with the Bank for the Netherlands Indies up to October 8, 1946, and the delivery of bonds to represent such consolidated debt, have been deferred by mutual agreement.

As of March 31, 1947, total credits advanced to the Bank for the Netherlands Indies for use by the Government of the Netherlands Indies amounted to \$5,700,000. During the period from the time the credit was made available up to March 31, 1947, total orders placed in Canada by the Netherlands Purchasing Commission on behalf of the Government for the Netherlands Indies amounted to \$9,914,599.70. A breakdown of these orders by commodity groups is shown in Appendix VI. Total payments made against these orders, as of the same date, from credit funds and from cash resources of the Netherlands Indies Government amounted to \$7,242,898.90.

(g) Norway

At the time of making the original agreement with the Government of Norway, providing for a credit of \$13,000,000, the Canadian Government indicated its willingness to increase the amount of the credit to \$30,000,000 when the Act was amended to increase the total lending authority. Accordingly, on the authority of Order-in-Council P.C. 339 of January 31, 1946, a supplementary agreement was concluded on June 6, 1946, increasing from \$13,000,000 to \$30,000,000 the amount of credit made available under the original agreement. Copies of the relevant documents concerning this supplementary agreement are contained in Appendix VII.

In accordance with the terms of the agreement, the amounts advanced to the Government of Norway during the twelve months' period commencing on June 25, 1945, together with accruals of interest at the rate of 2 $\frac{3}{4}$ %, were consolidated into one amount called the consolidated debt. The total credits advanced as of June 25, 1946, amounted to \$9,971,000. Accrual of interest on the amounts advanced up to this date of consolidation amounted to \$152,416.67, making a total consolidated debt of \$10,123,416.67.

A series of nine bonds have been delivered to the Minister of Finance in evidence of this consolidated debt and the semi-annual interest payments due on these bonds on July 1, 1946, and January 1, 1947, totalling \$143,773.32, have been paid in full.

As at March 31, 1947, the total credits advanced to the Government of Norway amounted to \$18,156,000. Total payments made by agencies of the Government of Norway through Canadian Government procurement agencies amounted to \$13,061,786.85 at the same date. Payments made by the Norwegian Shipping Trade Mission for purchases of trucks and spare parts and a small order of leather through the Canadian Export Board and the Canadian Commercial Corporation, amounted to \$4,453,583.38 and payments by the Norwegian State Grain Corporation for purchases of wheat and flour through the Wheat and Grain Division of the Department of Trade and Commerce, amounted to \$8,608,203.47 up to March 31, 1947. Details of orders placed by the Government of Norway directly with Canadian suppliers and payments made against such orders are not yet available. Provisional figures, however, of total orders placed in Canada since the credit was made available up to the end of the fiscal year, excluding purchases financed through the sale to Canada of foreign exchange, amounted to approximately \$23,400,000. Payments against these orders at the same date total approximately \$21,000,000.

(h) U.S.S.R.

The greater portion of the \$3,000,000 credit made available in 1945 to the Government of the U.S.S.R., had been advanced by the end of the previous fiscal year. Additional amounts totalling \$90,598.69 however were advanced during this fiscal year to the Government of the U.S.S.R., for the purpose of paying for hydro-electric equipment being purchased in Canada. Total advances under this agreement at March 31, 1947, amounted to \$2,866,098.69.

Semi-annual interest payments, amounting to \$28,240.89 on August 31, 1946, and \$28,537.70 on February 28, 1947, were paid in accordance with the terms of the agreement.

(i) Summary

Total Orders Placed and Total Payments made by Governments receiving the larger Export Credits.

Table III summarizes, from the information available, the approximate values of total orders placed in Canada, during the post-war period up to March 31, 1947, and the total payments made against these orders as of the same date by governments or agencies of governments receiving the larger export credits.

Orders placed or commitments made against post-war purchases in Canada by the governments concerned up to the end of the fiscal year amounted to approximately \$620 million. Total payments against these orders, including payments made both for goods already delivered and progress payments on orders not yet filled, amounted to approximately \$465 million at the same date. Total credits advanced to these governments during this period amounted to approximately \$332 million.

5. OPERATIONS UNDER THE GUARANTEE PROVISIONS

Reports relating to previous years have explained the guarantees given under Part II of The Export Credits Insurance Act, at the request of the Government of the U.S.S.R., to suppliers of hydro-electric equipment being purchased in Canada by V.O. Machinoimport, an agency of the Government of the U.S.S.R. During the year under review, all outstanding liabilities under these guarantee agreements were paid by V. O. Machinoimport, and consequently no further guarantee commitment remains.

During the fiscal year 1946-47 there was only one guarantee operation under the Act, and that was carried out in accordance with an undertaking made in 1945. This was a guarantee given by the Minister of Finance to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company of China to enable that company to purchase specially designed ships in Canada, for use in its shipping operations on the Yangtze River. The Chinese Government guaranteed the obligations of the company and requested the Government of Canada to do so as well, indemnifying the Canadian Government against loss under the guarantee, as the Act requires.

The credit is to finance not more than 85% of a program of purchases in Canada of ships and related equipment and services by the Ming Sung Industrial Company, and is limited to a maximum of \$12,750,000. The funds are being advanced by the banks under a covering agreement as they are required for making payments to the ship-builders and other suppliers. The credit is to be repaid in ten equal annual instalments, commencing June 30, 1951, with interest at 3% per annum. Copies of the guarantee given by the Minister of Finance, of that given by the Government of the Republic of China, and of the Order-in-Council, P.C. 4690 of November 12, 1946, authorizing the Minister of Finance to make the guarantee, are included as Appendix VIII of this report.

As of March 31, 1947, the total of advances made by the banks, and therefore the amount of outstanding obligations guaranteed, was \$796,056.30. In addition, however, the banks had issued letters of credit under the agreement in favour of ship-builders for a total amount of \$8,917,320, against which no payments had yet been made at that date.

TABLES

1. Canadian Imports and Exports Compared with Export Credits Advanced, by Countries.
11. Advances by Months to Foreign Governments under The Export Credits Insurance Act, 1944, up to March 31, 1947.
111. Approximate Values of Total Orders placed and Total Payments made for Post-war Purchases in Canada by Governments Receiving the larger Export Credits, compared with Credit Funds advanced as of March 31, 1947.

Canadian Imports and Exports Compared with Advances under Export Credits, by Countries

TABLL 1

Fiscal Years 1945-46 and 1946-47
(\$ millions)

Country	Average 1937-39 Fiscal years		1945 - 46			1946 - 47			Total 1945-46 and 1946-47		
	Imports	Exports	Imports	Exports	Credit Advanced	Imports	Exports	Credit Advanced	Imports	Exports	Credit Advanced
Belgium (& Belgian Congo)	6.8	16.1	2.7	53.2	25.0	4.9	54.0	26.0	7.5	107.2	51.0
China	3.8	3.8	.4	11.9	--	2.6	48.9	19.5	3.0	60.8	19.5
Czechoslovakia	2.5	2.0	.0	8.8	3.2	1.8	9.6	1.7 ⁽¹⁾	1.9	18.4	4.9
France (& Territories)	6.5	10.4	1.3	105.1	82.0 ⁽¹⁾	6.7	80.8	74.4	8.0	185.8	156.4
Netherlands	3.8	11.4	.7	53.0	40.5 ⁽¹⁾	3.0	43.3	35.8 ⁽¹⁾	3.6	96.3	76.3
Netherlands Indies	.9	.8	.0	3.0	1.8	.1	6.4	3.9	.1	9.4	5.7
Norway	.7	7.1	.6	13.6	9.5	1.4	18.1	8.7	1.9	31.7	18.2
U.S.S.R.	.4	.5	2.2	58.2	2.8	.7	7.6	.1	2.9	65.8	2.9
Total - Export Credit Countries ⁽²⁾	25.0	52.0	7.8	306.8	164.8	21.2	268.6	170.0	29.1	575.3	334.8
Total - All Countries	709.7	1,019.5	1,586.1	2,970.9	164.8	2,165.9	2,388.7	810.0 ⁽³⁾	3,752.0	5,359.7	974.8 ⁽³⁾

(1) The figures shown for 1945-46 include amounts, in the case of France \$82 million and in the case of the Netherlands \$15.4 million, representing expenditures incurred on behalf of these countries under Section 3 of the War Expenditure and Demobilization Appropriation Act No. 2, 1945 and paid by these countries out of credit funds during the following year, and the figures for 1946-47 do not include the amounts paid to cover these expenditures incurred in the previous year.

(2) Due to rounding off, the columns may not add to the totals shown.

(3) Includes credits advanced under the U. K. Financial Agreement Act, 1946.

TABLE II

ADVANCES BY MONTHS TO FOREIGN GOVERNMENTS UNDER THE EXPORT CREDITS
INSURANCE ACT, 1944 UP TO MARCH 31, 1947

Authorized Credit Period Credit Available	Belgium		China	Czechoslovakia	France	Netherlands	Netherlands Indies	Norway	U.S.S.R.	Total
	\$100,000,000.00 Oct 25/45 - June 30/47	60,000,000.00 Feb 7/46 - Dec 31/47	19,000,000.00 Nov 27/45 - Nov 27/47	242,500,000.00 July 20/45 - June 30/47	125,000,000.00 May 1/45 - Apr 30/47	15,000,000.00 Oct 9/45 - Oct 9/47	30,000,000.00 June 25/45 - June 25/47	3,000,000.00 Aug 22/45 - Aug 31/50	594,500,000.00	
1945-46										
June					5,970,438.10					5,970,438.10
July					712,000.00					712,000.00
August					7,584,636.50			2,500,000.00	1,200,000.00	11,284,636.50
September					3,700,000.00				757,000.00	4,457,000.00
October	5,000,000.00				7,000,000.00	200,000.00			154,500.00	12,354,500.00
November	8,000,000.00		700,000.00			400,000.00			238,000.00	9,338,000.00
December	5,000,000.00			700,000.00				3,700,000.00	140,000.00	8,840,000.00
January, 1946	7,000,000.00		1,410,000.00			400,000.00		2,000,000.00	190,000.00	11,000,000.00
February			251,551.00			500,000.00		395,000.00	83,000.00	1,229,551.00
March			830,000.00			300,000.00		900,000.00	13,000.00	2,225,925.40
Total 1945-46	\$ 25,000,000.00		3,191,551.00	25,150,000.00	1,800,000.00	9,495,000.00	2,775,500.00		67,412,051.00	
1946-47										
April		550,000.00	104,370.00					476,000.00	65,000.00	4,295,370.00
May	9,000,000.00	1,550,000.00			15,000,000.00				6,850.00	29,800,962.00
June	7,000,000.00	3,592,778.44			5,000,000.00					25,051,356.35
July	3,000,000.00	542,116.58			11,800,000.00			100,000.00	821.48	24,243,740.28
August		3,588,552.21						800,000.00		5,122,291.86
September		1,193,453.35						1,875,000.00		4,115,273.45
October	7,000,000.00	2,585,756.99			2,000,000.00			2,600,000.00		17,639,131.99
November		2,496,022.89	243,247.00		15,000,000.00			1,060,000.00		25,874,249.89
December		364,065.24	336,280.00		95,000,000.00					96,635,084.55
January, 1947		1,172,000.00			1,600,000.00				17,927.21	9,367,003.16
February		1,203,295.20	777,229.60		6,000,000.00			1,300,000.00		15,030,584.80
March		656,550.79	207,940.30		5,000,000.00			450,000.00		10,196,533.06
Totals 1946-47	\$ 26,000,000.00	19,496,491.99	1,669,126.90	57,153,363.81	3,900,000.00	8,661,000.00	90,598.69		267,370,581.39	
Totals as of March 31, 1947, :-										
Total Advanced	51,000,000.00	19,496,491.99	4,860,677.90	76,303,363.81	5,700,000.00	18,156,000.00	2,866,096.69		334,782,632.39	
Net Amount Incumbered	Nil	7,794,759.22	3,625,792.84	10,000,000.00	Nil	Nil	Nil		21,425,551.76	
Net Credit Available	\$ 49,000,000.00	32,708,746.79	10,510,529.56	86,100,000.00	3,300,000.00	11,844,000.00	133,901.31		238,293,615.85	

TABLE III

APPROXIMATE VALUES OF TOTAL ORDERS PLACED AND TOTAL PAYMENTS MADE FOR POST-WAR PURCHASES IN CANADA BY GOVERNMENTS RECEIVING THE LARGER EXPORT CREDITS, COMPARED WITH CREDIT FUNDS ADVANCED, AS OF MARCH 31, 1947.

Country	Total orders placed in Canada	Total payments in Canada	Total Credits advanced	Remarks
Belgium	100,592,900	94,570,987	51,000,000.00	Additional payments for freight and other services amounted to \$12,153,490.
China	28,151,889	21,149,627	19,496,491.99	Details of payments made for purchases in Canada by private Chinese importers are not yet available.
Czechoslovakia	9,253,810	4,722,643	4,860,677.90	Credits advanced include funds deposited against orders placed.
France	358,000,000	235,218,011	156,400,000.00	Represents commitments incurred and payments made against total post-war purchasing program in Canada, including freight and other services.
Netherlands	91,000,000	81,000,000	76,303,363.81	
Netherlands Indies	9,914,600	7,242,899	5,700,000.00	
Norway	23,400,000	21,000,000	18,156,000.00	These provisional figures of total orders placed and payments made by Norway for Canadian goods and services do not include payments made in Canada in U.S. dollars or financed through the sale to Canada of foreign exchange.
TOTALS -	620,313,199	464,904,167	331,916,533.70	In addition \$2,866,098.69 has been advanced to the Government of the U.S.S.R. under the arrangement providing for a small credit of \$3 million for specific purchases of hydro-electric equipment. Total credits advanced to all countries amounts to \$334,782,632.39.

APPENDICES

Appendix I (Belgium)

- (a) Order in Council P.C. 1514, dated April 16, 1946
Amending Agreement, dated May 2, 1946
Letter from the Minister of Finance to the
Ambassador of Belgium
Letter from the Ambassador of Belgium to the
Minister of Finance
- (b) Order in Council P.C. 362, dated January 31, 1947
Note from the Ambassador of Belgium to the Under-
Secretary of State for External Affairs
Note from the Secretary of State for External Affairs
to the Ambassador of Belgium
- (c) Approximate Values of Total Orders Placed by the
Belgian Economic Mission in Canada, by
Commodity Groups, as of March 31, 1947.

Appendix II (China)

Statement of Purchases Approved under the Credit Agreement
with the Government of China, as of March 31, 1947

Appendix III (Czechoslovakia)

- (a) Order in Council P.C. 2665, dated June 28, 1946
Amending Agreement, dated June 28, 1946
- (b) Statement of Purchases Approved under the Credit
Agreement with the Government of
Czechoslovakia

Appendix IV (France)

- (a) Order in Council P.C. 1383, dated April 9, 1946
Financial Agreement, dated April 9, 1946
Letter from the Minister of Finance to the
Ambassador of France
Letter from the Ambassador of France to the
Minister of Finance
Notification by the Government of France of the
Ratification of the Financial Agreement
signed April 9, 1946
- (b) France - Program of Purchases in Canada since the
end of the war; Commitments made by the French
Supply Council up to January 31, 1947
- (c) Order in Council P.C. 5314, dated December 27, 1946

Appendix V (Netherlands)

- (a) Order in Council P.C. 5315, dated December 27, 1946
Supplementary Agreement, dated January 29, 1947
Letter from the Minister of Finance to the Minister
of the Netherlands
Letter from the Minister of the Netherlands to the
Minister of Finance
- (b) Approximate Values of Total Orders Placed in Canada
by the Netherlands Purchasing Commission and
the Netherlands Government Food Purchasing
Bureau, by Commodity Groups, as of March 31, 1947

Appendix VI (Netherlands Indies)

Statement of Total Orders Placed in Canada by the
Netherlands Purchasing Commission on behalf of the
Government for the Netherlands Indies, as of
March 31, 1947

Appendix VII (Norway)

Order in Council P.C. 339, dated January 31, 1946
Supplementary Agreement dated June 6, 1946

Appendix VIII(Guarantee of Ming Sung Banking Credit)

Order in Council P.C. 4690, dated November 12, 1946
Form of Guarantee by the Government of the
Republic of China
Form of Guarantee by the Government of Canada

APPENDIX 1
(Belgium)

- (a) Order in Council P.C.1514, dated April 16, 1946
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Letter from the Minister of Finance to the
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- (b) Order in Council P.C.362, dated January 31, 1947
Note from the Ambassador of Belgium to the
Under Secretary of State for External Affairs
Note from the Secretary of State for External
Affairs to the Ambassador of Belgium
- (c) Approximate Values of Total Orders Placed by the
Belgian Economic Mission in Canada, by Commodity
Groups, as of March 31, 1947

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 16th day of APRIL, 1946.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL --

WHEREAS by Order in Council P.C.6678 dated 25th October, 1945, the Minister of Finance was authorized to make a loan to the Government of Belgium under The Export Credits Insurance Act in an amount not exceeding \$25,000,000, in accordance with the terms and conditions of a draft agreement approved by the said Order in Council;

AND WHEREAS the Minister of Finance entered into an agreement dated the 25th day of October, 1945, with the Government of Belgium in the terms of the draft agreement approved by the said Order in Council;

AND WHEREAS the Government of Belgium has requested the Government of Canada to increase the amount of the loan from \$25,000,000 to \$100,000,000;

AND WHEREAS it is desirable to enter into an agreement to amend the said agreement dated October 25th, 1945, by increasing the aggregate amount of the loan from \$25,000,000 to \$100,000,000 and to provide that the proceeds of the loan may be used for the purposes set out in the said agreement dated 25th October, 1945, or for any other purpose approved by the Government of Canada for which loans may be made under Part II of The Export Credits Insurance Act of Canada as amended from time to time;

THEREFORE His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, is pleased to authorize and doth hereby authorize the Minister of Finance, under Section 22 of The Export Credits Insurance Act, to increase from \$25,000,000 to \$100,000,000 the amount of the loan to the Government of Belgium authorized by Order in Council P.C.6678 dated October 25th, 1945, and to enter into an agreement with the Government of Belgium in the form of the draft agreement hereto annexed with such changes therein not changing matters of substance as the Minister of Finance may approve.

(sgd) A. D. P. Heeney
Clerk of the Privy Council

The Honourable
The Minister of Finance

AGREEMENT ENTERED INTO THIS SECOND DAY OF MAY 1946.

BETWEEN:

THE MINISTER OF FINANCE OF CANADA, OF THE FIRST PART,

AND

THE GOVERNMENT OF BELGIUM, repre-
sented by its Ambassador to Canada, OF THE SECOND PART:

WHEREAS the Government of Canada agreed to make a loan to the Government of Belgium not exceeding TWENTY-FIVE MILLION CANADIAN DOLLARS (\$25,000,000 Canadian) under an Agreement entered into on the twenty-fifth day of October, 1945, (hereinafter called the principal Agreement); and

WHEREAS the Government of Belgium has requested the Government of Canada to increase the amount of the loan from TWENTY-FIVE MILLION CANADIAN DOLLARS (\$25,000,000 Canadian) to ONE HUNDRED MILLION CANADIAN DOLLARS (\$100,000,000 Canadian); and

WHEREAS by Order in Council P.C. 1514 dated the sixteenth day of April, 1946, the Minister of Finance of Canada was authorized to enter into an Agreement with the Government of Belgium to amend the principal Agreement, to provide that the aggregate amount of the loan shall be ONE HUNDRED MILLION CANADIAN DOLLARS (\$100,000,000 Canadian); and

WHEREAS the Ambassador of Belgium to Canada, His Excellency A. Paternotte de la Vaillee, has been duly authorized by the Government of Belgium to execute this agreement on behalf of the Government of Belgium.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto covenant and agree with each other as follows:

1. The principal Agreement dated the twenty-fifth day of October, 1945, is hereby amended by striking out the amount "TWENTY-FIVE MILLION CANADIAN DOLLARS (\$25,000,000 Canadian)" where it appears in paragraphs one and seven of the principal Agreement and substituting therefor "ONE HUNDRED MILLION CANADIAN DOLLARS (\$100,000,000 Canadian)".

2. The Government of Belgium may expend any moneys received by it by way of loan under the principal Agreement as amended by this Agreement, for the purposes set out in the principal Agreement or for any other purpose approved by the Government of Canada for which loans may be made under Part II of The Export Credits Insurance Act of Canada as amended from time to time.

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year above mentioned.

WITNESS:

(sgd) W. C. Clark

(sgd) J. L. Ilsley
MINISTER OF FINANCE OF CANADA

(sgd) D. M. Johnson

(sgd)
A. Paternotte de la Vaillee
FOR THE GOVERNMENT OF BELGIUM

Ottawa, May 2, 1946.

His Excellency A. Paternotte de la Vaillee,
Ambassador of Belgium,
395 Laurier Avenue, East,
O t t a w a.

Dear Sir:

In my letter of October 25th, 1945, delivered to you at the time of the signing of the agreement for the provision of a credit of \$25,000,000 to the Government of Belgium under the Export Credits Insurance Act, I said that as soon as Parliamentary authority had been granted the Government of Canada would be prepared to increase the amount of the credit to Belgium. As you are aware the necessary Parliamentary authority has been granted and I am now prepared to sign, on behalf of the Government of Canada, a supplementary agreement which will increase the amount of the credit from \$25,000,000 to \$100,000,000. In signing the supplementary agreement I wish to place on record my understanding that the provisions in my letter of October 25th, 1945 (except those referring to increasing the amount of credit) will apply to the additional credit being granted under the supplementary agreement signed today.

I would appreciate it if you would confirm this understanding.

Yours very truly,

(Sgd) J. L. Ilsley

BELGIAN EMBASSY

Ottawa, May 2, 1946.

Dear Sir:-

I have the honour to acknowledge receipt of your letter of 2nd May, 1946, in which you refer to the supplementary Agreement increasing the amount of the credit to Belgium under the Export Credits Insurance Act from \$25,000,000 to \$100,000,000 and beg to confirm the understanding set forth in your letter.

Yours very truly,

(sgd) A. Paternotte de la Vaillee,

The Right Honourable J. L. Ilsley,
Minister of Finance,
Ottawa, Canada.

AT THE GOVERNMENT HOUSE AT OTTAWA

FRIDAY, the 31st day of JANUARY, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL -

WHEREAS by an agreement between the Government of Canada and the Government of Belgium, dated April 25, 1945, as amended by supplementary agreement dated May 2, 1946, entered into under the authority of The Export Credits Insurance Act, the Government of Canada agreed to lend to the Government of Belgium amounts not exceeding in the aggregate \$100,000,000;

AND WHEREAS under the said agreement, as amended, the Government of Belgium agreed to spend the proceeds of the loan for the purpose of purchasing from Canadian exporters and paying the cost of Canadian-produced goods or for any other purpose approved by the Government of Canada for which loans may be made under Part II of The Export Credits Insurance Act as amended from time to time;

AND WHEREAS after the date of the supplementary agreement The Export Credits Insurance Act was amended to provide inter alia,-

- (a) That the proceeds of a loan made under the said Act may be used to pay the cost of Canadian services;
- (b) That the proceeds of a loan made under the said Act may be used to enable any person ordinarily resident in the borrowing country to pay the cost of Canadian-produced goods or Canadian services.

AND WHEREAS the Government of Belgium has requested that the proceeds of the loan granted under the said agreement may be used for the additional purposes set out in the preceding paragraph;

THEREFORE His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, is pleased to order and doth hereby order that moneys received by the Government of Belgium by way of loan under the said agreement, as amended, may, in addition to the purposes set out in the said agreement, as amended, also be used,-

- (a) to pay the cost of Canadian services and
 - (b) to enable persons ordinarily resident in Belgium to pay the cost of Canadian-produced goods or the cost of Canadian services
- subject to such terms as the Minister of Finance in consultation with the Minister of Trade and Commerce may approve.

His Excellency in Council is further pleased to authorize the Minister of Finance to make such arrangements with the Government of Belgium as are necessary or desirable to give effect to the foregoing.

(sgd) A. D. P. Heeney,
Clerk of the Privy Council.

BELGIAN EMBASSY,

OTTAWA, December 31st 1946.

No. 3075/C1:975-E

Sir,

I wish to refer to the financial agreement **between** the Government of Canada and the Government of Belgium signed at Ottawa on October 25th 1945 as amended by the Agreement of May 2nd, 1946, under the authority of The Export Credits Insurance Act.

It is the understanding of my government that The Export Credits Insurance Act has now been amended by the Parliament of Canada to provide that the funds loaned under that Act may be used not only to enable the government receiving the funds to purchase Canadian-produced goods, but also to enable such funds to be used for the purchase of Canadian services and to enable the government receiving such loans to put them at the disposal of any person ordinarily resident in a country of that government to purchase Canadian-produced goods or Canadian services.

I wish, on behalf of my Government to request that, in accordance with the provision of paragraph 2 of the amending Agreement signed on 2nd May 1946, the Government of Canada approve that these broader purposes and uses of the credit be now made applicable to the financial Agreement between our two Governments.

Subject to this approval, I wish to confirm that the Government of Belgium agrees that the moneys received by it under the financial Agreement of 25th October, 1945, as amended on 2nd May, 1946, will be used only by it or by persons ordinarily resident in Belgium to whom it transfers any of such moneys, and only for the purpose of paying the cost of Canadian services or Canadian-produced goods purchased from exporters and exported or to be exported to Belgium.

I wish also to confirm our understanding that, in using the credit for these purposes, the various arrangements specified in the exchange of letters on October 25th and 27th, 1945, regarding certain matters relating to the financial Agreement will continue in effect.

It is further agreed that, in accordance with recent discussions on the subject, we will be prepared to co-operate with the Department of Finance and the Department of Trade and Commerce in working out mutually suitable arrangements for using the credit for these broader purposes. In particular, we will be prepared to furnish to these Departments information regarding the uses for which the credit is made by the Government of Belgium or by others to whom the credit may be transferred.

Accept, Sir, the renewed assurances of my highest consideration.

A. Paternotte de la Vaillee

The Under Secretary of State
for External Affairs,
OTTAWA.

Ottawa, February 28, 1947.

NO. 15

Excellency,

I have the honour to refer to your note dated December 31st, regarding the financial agreement between the Government of Canada and the Government of Belgium signed at Ottawa on October 25, 1945, as amended on May 2, 1946.

By Order-in-Council dated January 31, 1947, the Government of Canada has authorized the Minister of Finance, after consultation with the Minister of Trade and Commerce to make such arrangements with the Government of Belgium as are desirable to enable the funds received by the Government of Belgium by way of the loan agreement, in addition to the purposes set out in the said agreement, as amended, to be used also to pay the cost of Canadian services and to enable persons ordinarily resident in Belgium to pay the cost of Canadian-produced goods or the cost of Canadian services.

I wish, therefore, in accordance with that authority, and on the advice of the Minister of Finance, to confirm that the monies received by the Government of Belgium under the financial agreement dated October 25, 1945, as amended on May 2, 1946, may be used to pay the cost of Canadian services as defined in the Export Credits Insurance Act and may also be made available by your Government to persons ordinarily resident in Belgium to pay the cost of Canadian services or the cost of Canadian-produced goods purchased from an exporter and exported or to be exported from Canada to Belgium.

I wish also to confirm our understanding of the other points set forth in your letter.

Accept, Excellency, the renewed assurances of my highest consideration.

Secretary of State
for External Affairs

His Excellency A. Paternotte de la Vaille,
Ambassador of Belgium,
395 Laurier Ave., East,
Ottawa, Canada.



Approximate Values of Total Orders Placed by the Belgian
Economic Mission in Canada, by Commodity Groups, as of
March 31, 1947

		<u>\$000</u>	
<u>Industrial Products:-</u>			
(1)	<u>Basic Materials -</u>		
	Minerals: Metallic	1,403	
	Non-metallic	930	
	Metals	3,091	
	Lumber, Wood	245	
	Chemicals	469	
	Hides, Leather	1,250	
	Miscellaneous	<u>146</u>	
	Total		7,534
(2)	<u>Semi-Manufactured Products -</u>		
	Textiles	1,969	
	Chemicals: Drugs	234	
	Industrial	52	
	Paper	395	
	Miscellaneous	<u>720</u>	
	Total		3,370
(3)	<u>Durable Equipment -</u>		
	Locomotives	19,165	
	Cars	15,481	
	Trucks	9,658	
	Agricultural Machinery	828	
	Miscellaneous	<u>925</u>	
	Total		46,057
<u>Agricultural Products:-</u>			
	Cereals, Flour	28,616	
	Meat	11,750	
	Oils & Fats	1,233	
	Seeds	787	
	Dairy Products	570	
	Miscellaneous	<u>676</u>	
	Total		<u>43,632</u>
TOTAL			\$ <u>100,593</u>

Note: Disbursements for freight and other services in connection with these purchases totalled over \$12,000,000 as of March 31, 1947.

APPENDIX 11
(China)

Statement of Purchases Approved under the
Credits Agreement with the Government of
China, as of March 31, 1947.



STATEMENT OF PURCHASES APPROVED UNDER THE
CREDIT AGREEMENT WITH THE GOVERNMENT OF CHINA
AS OF MARCH 31, 1947

Commodity or Commodity Group

1. General

Wheat Flour	\$10,116,260.86
Steel Bridge Materials	3,164,000.00
Railway Ties	1,756,391.59
Steel Rails	651,500.00
Railway Accessories	311,000.00
Telecommunication Materials	1,740,033.13
Copper Rods	300,822.84
Lumber	450,178.39
Paper Pulp	432,500.00
Miscellaneous	343,500.00

\$19,266,186.81

2. Special items of uncompleted Mutual Aid, surplus equipment and used industrial equipment

5 Castle Class Corvettes and conversion	1,252,515.16
7 B-Type China Coasters	2,900,000.00
2 C-Type China Coasters	350,000.00
Small Arms and Ammunition	3,448,695.00
Optical Grinding Machines	57,000.00
Copper Wire	16,854.24

\$ 8,025,064.40

TOTAL \$27,291,251.21

APPENDIX III
(Czechoslovakia)

- (a) Order in Council P.C.2665, dated June 28, 1946
Amending Agreement, dated June 28, 1946
- (b) Statement of Purchases Approved under the Credit
Agreement with the Government of Czechoslovakia

PRIVY COUNCIL.
CANADA.

AT THE GOVERNMENT HOUSE AT OTTAWA
FRIDAY, the 28th day of JUNE, 1946.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

P.C.1353, WHEREAS pursuant to the provisions of Part II
27-2-45 of the Export Credits Insurance Act an agreement was
made on March 1, 1945 and amended on June 26, 1945
between the Government of Canada and the Government of
P.C.4489, the Czechoslovak Republic under which a credit of
22-6-45 \$19,000,000 was granted to the Republic for the pur-
pose of purchasing Canadian-produced goods from
Canadian exporters;

AND WHEREAS the first payment under the credit
was made on November 27, 1945 and the total amount
advanced as of June 24, 1945 was \$3,295,921;

AND WHEREAS the agreement provides that the
credit may be drawn upon at any time within a period
of twelve months from the time of the first payment,
namely within a period of twelve months from November
27, 1945;

AND WHEREAS the Republic has represented that
the commodities most urgently needed are wheat, lead,
copper, nickel and other metals and that owing to their
scarcity it will not be possible to use the remainder
of the credit for their purchase before November 27,
1946;

AND WHEREAS the Republic has accordingly
requested that an additional period of twelve months
be granted within which the credit may be used;

AND WHEREAS the Minister of Finance and the
Minister of Trade and Commerce represent that it is
desirable that the request of the Republic should be
granted in order that the credit may be available for
the purchase of commodities most urgently required and
not used for the purchase of other commodities;

NOW, THEREFORE, His Excellency the Governor
General in Council, on the recommendation of the Minister
of Finance and the Minister of Trade and Commerce, is
pleased to authorize and doth hereby authorize the
Minister of Finance to enter into an agreement with the
Government of the Czechoslovak Republic further amending
the agreement of March 1, 1945, to provide that the
credit may be used at any time within a period of twenty-
four months from the date of the first payment of the
credit and to make consequential changes.

The Honourable
The Minister of Finance

(signed) A.D.P. Heeney
Clerk of the Privy Council.

MINISTER OF FINANCE
Canada

AGREEMENT ENTERED INTO AT OTTAWA, THIS 28th DAY OF JUNE, 1946.

BETWEEN:

THE MINISTER OF FINANCE OF CANADA, hereinafter
referred to as "the Minister",

OF THE FIRST PART,

AND

THE GOVERNMENT OF THE CZECHOSLOVAK REPUBLIC
represented by its Envoy Extraordinary and
Minister Plenipotentiary to Canada,
Dr. Frantisek Pavlasek,

OF THE SECOND PART;

WHEREAS by an agreement, dated March 1, 1945, as
amended by an agreement dated June 26, 1945 (hereinafter called
the principal Agreement) the Government of Canada agreed to
give a credit to the Government of the Czechoslovak Republic in
an amount not exceeding NINETEEN MILLION DOLLARS (\$19,000,000);

WHEREAS the principal Agreement provided that the
credit might be used within a period of twelve months commencing
on the day of the first payment;

WHEREAS the Government of the Czechoslovak Republic
has requested that the period within which the credit may be
used shall be extended for an additional period of twelve months;
and

WHEREAS by order in council, P.C. 2665, dated June
28, 1946, the Minister of Finance has been duly authorized to
enter into an agreement with the Government of the Czechoslovak
Republic extending the period within which the credit may be
used for an additional period of twelve months.

NOW, THEREFORE THIS AGREEMENT WITNESSETH that the
parties hereto covenant and agree with each other as follows:-

1. The principal Agreement is hereby amended by striking
out the words "twelve months" and "twelve-months" wherever they
occur in the principal Agreement and substituting therefor
"twenty-four months."

IN WITNESS WHEREOF the parties hereto have caused
these presents to be signed on the day and in the year first
above written.

WITNESS:

(Signed) D. M. Johnson

(Signed) J. L. Ilsley

THE MINISTER OF FINANCE OF CANADA

(Signed) K. M. Sakh

(Signed) Dr. Frantisek Pavlasek

GOVERNMENT OF THE CZECHOSLOVAK

REPUBLIC .

STATEMENT OF PURCHASES APPROVED UNDER THE CREDIT AGREEMENT
WITH THE GOVERNMENT OF THE CZECHOSLOVAK REPUBLIC,
AS OF MARCH 31, 1947

Commodity or Commodity Group

¢
¢

Wheat	2,840,000.00
Agricultural Machinery	220,947.83
Aluminum	2,174,250.20
Copper and products	1,127,840.00
Nickel	271,660.00
Zinc	173,391.79
Synthetic Rubber	430,535.70
Graphite Electrodes	455,921.00
Asbestos	21,235.00
Miscellaneous Metallic and non-metallic minerals	144,439.47
Chemicals and Medical Supplies	152,249.45
Automobile Spare Parts	240,000.00
Motion Picture Film	117,000.00
Inland and Ocean Freight	120,000.00

¢8,489,470.44

APPENDIX IV
(France)

- (a) Order in Council P.C. 1383, dated April 9, 1946
Financial Agreement, dated April 9, 1946
Letter from the Minister of Finance to the
Ambassador of France
Letter from the Ambassador of France to the
Minister of Finance
Notification by the Government of France of the
Ratification of the Financial Agreement signed
April 9, 1946
- (b) France - Program of Purchases in Canada since
the end of the war -- Commitments made by
the French Supply Council up to January 31,
1947
- (c) Order in Council P.C. 5314, dated December 27,
1946

PRIVY COUNCIL
CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 9th day of APRIL, 1946.

PRESENT:

HIS EXCELLENCY

THE ADMINISTRATOR IN COUNCIL:

WHEREAS under the provisions of The Export Credits Insurance Act the Minister of Finance may be authorized to make a loan to the government or to an agency of the government of a foreign country for the purpose of facilitating and developing trade between Canada and that country and to enable such government or such agency to purchase and pay the cost of Canadian-produced goods, if such government requests such a loan;

AND WHEREAS the Government of France, through the Ambassador of France to Canada, His Excellency Count Jean de Hauteclocque, has requested the Government of Canada to make a loan of \$242,500,000 to the Government of France;

AND WHEREAS it is deemed desirable to make a loan of the said amount to the Government of France for the purpose of enabling the Government of France to purchase from exporters and pay the cost of Canadian-produced goods exported or to be exported from Canada to Metropolitan France (including Algeria), the Union of Indo-China, and generally to any French colony, country under French protectorate, or territory under French mandate or for any other purpose approved by the Government of Canada for which loans may be made under Part II of The Export Credits Insurance Act as amended from time to time;

AND WHEREAS under the powers conferred by The Export Credits Insurance Act, the Governor in Council may determine the terms and conditions upon which such a loan shall be made;

THEREFORE His Excellency the Administrator in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce and under and by virtue of the powers conferred by Section 22 of The Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to make a loan to the Government of France in an amount not to exceed Two Hundred and Forty-two Million Five Hundred Thousand Dollars (\$242,500,000), in accordance with the terms and conditions of the draft agreement in English and in French attached hereto, and to sign on behalf of the Government of Canada an agreement with the Government of France in the form of the draft agreement in English and in French, subject to such changes therein not affecting matters of substance as may be approved by the Minister of Finance.

(Signed) A. D. P. Heeney,

Clerk of the Privy Council.

FINANCIAL AGREEMENT
BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF FRANCE

Signed at Ottawa, April 9, 1946

The Government of Canada and the Government of France agree as follows:-

ARTICLE 1

In this Agreement the terms "exporters", "Canadian-produced goods" and "cost of Canadian-produced goods" have the meaning assigned to them by The Export Credits Insurance Act of Canada or any regulations made thereunder.

ARTICLE 2

Subject to the terms and conditions of this Agreement the Government of Canada at the request of the Government of France agrees to lend to the Government of France such amounts not exceeding in the aggregate \$242,500,000 as may from time to time be requisitioned from the Government of Canada by the Government of France.

ARTICLE 3

The Minister of Finance of Canada will pay the amounts requisitioned under Article 2 of this Agreement into the account of the Bank of France with the Bank of Canada.

ARTICLE 4

The Government of France will expend moneys received by it by way of loan under this Agreement for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods exported or to be exported from Canada to Metropolitan France (including Algeria), the Union of Indo-China, and generally to any French colony, country under French protectorate, or territory under French mandate or for any other purpose approved by the Government of Canada for which loans may be made under Part II of The Export Credits Insurance Act of Canada as amended from time to time.

ARTICLE 5

The Government of France agrees to pay interest at the rate of three per centum per annum on each amount paid by the Minister of Finance of Canada into the account of the Bank of France with the Bank of Canada as provided for in Article 3 of this Agreement from the date when it is paid into that account until the date of consolidation of the debt into a consolidated debt as provided for in Article 6 of this Agreement.

ARTICLE 6

The Government of France agrees that the amounts paid by the Minister of Finance of Canada on the requisition of the Government of France pursuant to Article 3 of this Agreement during the period commencing on the date of the coming into force of this Agreement and ending on June 30th, 1947, and interest thereon as provided in Article 5 of this Agreement, shall be consolidated into one amount called the consolidated debt, at the end of the said period, and the Government of France shall thereupon deliver to the Minister of Finance of Canada bonds of a face value equal to such consolidated debt, which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of France. The said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on December 31st and June 30th and shall mature serially in thirty equal annual amounts of principal payable on December 31st, 1947, and on December 31st in each year thereafter up to and including the year 1976.

ARTICLE 7

Any portion of the loan of \$242,500,000 referred to in Article 2 of this Agreement which has not been requisitioned by the Government of France in accordance with Article 2 on or before June 30th, 1947, shall lapse and be no longer payable by the Government of Canada unless the two Governments otherwise agree.

ARTICLE 8

It is mutually agreed by the Parties hereto that payments by the Government of France under this Agreement shall be in Canadian dollars. These Canadian dollars shall be obtained in such ways as may be authorized or prescribed in any general monetary agreement to which the Government of Canada and the Government of France are parties or in any special monetary agreement between the Government of Canada and the Government of France in force at the time payment is effected. If no such general or special monetary agreement is in force at the time when any particular payment falls due and if Canadian exchange control regulations specify at that time that exports from Canada to France shall be paid for in a specified foreign currency, then the Canadian dollars required to effect that particular payment shall be obtained by the Government of France through the sale of such specified foreign currency to an authorized dealer of the Foreign Exchange Control Board (or successor agency) at the published official buying rate.

ARTICLE 9

The Government of Canada agrees that the Government of France shall have the right to redeem any or all of the bonds to be delivered to the Government of Canada under Article 6 of this Agreement prior to their maturities at par plus accrued interest if the Government of France tenders payment in Canadian dollars acquired in the manner provided in Article 8 of this Agreement.

ARTICLE 10

This Agreement is subject to ratification by the French Constituent Assembly and shall come into force on the date on which the Government of France notifies the Government of Canada of such ratification.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

SIGNED in duplicate, in English and in French, both texts being equally authentic, at Ottawa, this ninth day of April, 1946.

FOR THE GOVERNMENT OF CANADA:

J. L. ILSLEY,

Minister of Finance

FOR THE GOVERNMENT OF THE
FRENCH REPUBLIC:

J. de HAUTECLOCQUE,

Ambassador of France to Canada.

Ottawa, April 9, 1946.

Excellency:

I am writing to place on record our understandings in respect of certain matters relating to the credit agreement which you and I have signed today on behalf of the Government of France and the Government of Canada.

I wish first to record our understanding that the Government of Canada has no intention at present of selling, pledging, or otherwise negotiating the bonds to be given by the Government of France in accordance with Article 6 of the Agreement, and that if the Government of Canada should later desire to sell, pledge or otherwise negotiate any of these bonds, it will give the Government of France at least six months' notice of its intention to do so, unless the Government of France expressly waives its right to such notice.

I wish secondly to record our understanding that the bonds to be given by the Government of France in accordance with Article 6 of the Agreement will be in a form acceptable to both Governments, and will each contain a provision that such bond is one of a series given under the Agreement, and that if the principal amount of any one of these bonds is not paid on or before the date on which it is due, the principal of each bond in the series not already paid will immediately become due and payable, if the holder so decides.

I wish thirdly to record that I agree to the use for the payment of interest or the redemption of the bonds to be given under the Agreement of any Canadian dollars held by the Government of France, the Bank of France, or French nationals, which are or have been acquired by any one of them from the sale in Canada of Canadian securities or property owned by any one of them or from the earnings on such securities or property, and in particular I agree to the use, for this purpose, of any Canadian dollars acquired by the Government of France from the requisitioning, in accordance with the laws of France, of Canadian dollar balances or Canadian securities held by nationals or residents of France. It is understood, of course, that the sale of Canadian securities is subject to the Foreign Exchange Control Order of Canada and any subsequent law to the same or similar effect. I wish also to record that I agree to the use for the payment of interest or the redemption of the bonds to be given under the Agreement, of any Canadian dollars accruing to France from the proceeds of French exports to Canada, or from other current account transactions between France and Canada. In speaking of France in this paragraph I mean to include the whole French area to which our Credit Agreement relates.

I should also record here again, for convenience, the understanding reached between M. Jean Monnet and myself last September and embodied in our exchange of letters at that time, concerning the program of purchases to be made by the Government of France in Canada, which are to be financed under this credit. In accordance with later conversations, and the terms of the agreement itself, we are extending the period covered by the agreement to June 30, 1947, rather than December 31, 1946, the date to which M. Monnet and I originally agreed. It is our understanding that the amount of the credits used will not exceed 80 per cent of the value of the purchases made by the Government of France in Canada during the period from 20th July, 1945, to June 30th, 1947. These purchases will include any items within

..... 2

His Excellency Count Jean de Hauteclocque,
Ambassador of France,
Ottawa, Canada.

the program which your Supply Council has submitted which are ordered subsequent to 19th July, 1945, and delivered prior to 1st July, 1947, plus any items ordered during this period for later delivery, such as ships, if these are agreed to be included by your Supply Council and by the Canadian Department of Trade and Commerce. We shall also be prepared to see included in the program any other items ordered during this period for later delivery, such as ships, if these are agreed to be included by your Supply Council and by the Canadian Department of Trade and Commerce. We shall also be prepared to see included in the program any other items ordered during this period which have not been specified in your original program, if these are agreed by your Supply Council with the Department of Trade and Commerce and the Department of Finance. It is further understood that the remaining 20 per cent of the cost of these purchases will be paid by the Government of France in cash, in accordance with the agreement of last August respecting financial settlements between Canada and the franc zone.

I would be glad if you would confirm that your understanding of the points mentioned above is the same as that which I have expressed.

I would like to take this opportunity of noting the pleasure which my colleagues and I have had in making this Agreement with your Government, and to say that we hope that the supplies and equipment which France obtains from Canada will contribute effectively to the rebuilding and development of your great nation. I look forward with pleasure to the closer economic relations between France and Canada to which this will lead, and I hope it will shortly be possible for our two Governments to join in action to reduce the barriers to trade and in other positive measures to promote our mutual welfare.

Yours very truly,

(Sgd.) J. L. Ilsley.

The French Ambassador
to the Canadian Minister of Finance

(Translation)

Ottawa, April 9, 1946.

No. 46

Monsieur le Ministre,

I have the honour to confirm to you my agreement respecting the different points dealt with in your letter of the 9th of this month with reference to the granting of a credit of \$242,500,000 by the Canadian Government to the French Government in pursuance of the Canadian Export Credits Insurance Act.

The French Government has instructed me on this occasion to inform you that it hoped it would be possible for you to obtain an amendment to the Canadian Export Credits Insurance Act with a view to including in the agreement which has just been signed, in addition to merchandise, services of Canadian origin.

Lastly I wish to state how much the French Government appreciates the assistance which thus is furnished it by the Canadian Government in the difficult period of reconstruction of its economy and which will be a useful contribution to the later development of economic relations between our two countries.

Accept, Sir, the assurance of my high consideration.

J. de HAUTECLOCQUE

Notification by the Government of France
of the Ratification of the Financial
Agreement signed April 9, 1946.

AM BASSADE DE FRANCE
AU CANADA

Ottawa, le 2 mai
1946.

No 59

Monsieur le Secrétaire d'Etat,

L'article 10 de l'accord financier
signé à Ottawa le 9 avril 1946 entre le Gouvernement
Français et le Gouvernement Canadien prévoyait que
le texte de l'accord serait soumis, pour ratification,
au vote de l'Assemblée Constituante de France et
prendrait effet du jour où cette ratification serait
notifiée par le Gouvernement Français au Gouvernement
Canadien.

J'ai l'honneur de vous faire savoir
que j'ai été chargé par mon Gouvernement de notifier
au Gouvernement Canadien la ratification du dit accord,
le 25 avril, par l'Assemblée Constituante.

Veuillez agréer, Monsieur le
Secrétaire d'Etat, les assurances de ma très haute
considération.

J. de Hauteclouque

Monsieur W.L. Mackenzie King,
Secrétaire d'Etat
aux Affaires Extérieures,
O t t a w a.

France - Program of Purchases in Canada since the end of the War -
Commitments made by the French Supply Council up to January 31, 1947.

1.	<u>Food and Agricultural Products</u>	<u>\$000</u>	
	Wheat	72,465	
	Secondary Cereals	3,117	
	Meat	5,624	
	Fish	1,740	
	Milk	1,235	
	Horses	1,276	
	Miscellaneous (Seeds, flour, etc.)	<u>2,993</u>	
	TOTAL		\$ 88,450
2.	<u>Raw Materials and Semi-manufactured Products</u>		
	Ores and Metals	24,544	
	Non Metallic Minerals	4,174	
	Chemicals	16,720	
	Textiles	2,265	
	Leather, Skins	263	
	Steel Products	3,618	
	Newsprint and Pulp	2,695	
	Lumber and Wood	4,418	
	Miscellaneous	<u>5,602</u>	
	TOTAL		64,299
3.	<u>Equipment</u>		
	Railway Equipment (Cars and Locomotives)	35,248	
	Merchant Marine Equipment	62,567	
	Waterways and Harbour Equipment	18,215	
	Road Transport Equipment	31,095	
	Agricultural Equipment	4,600	
	Reconstruction Equipment	2,295	
	Miscellaneous	<u>13,948</u>	
	TOTAL		167,968
4.	<u>Related Services</u>		25,000
5.	<u>Purchase of equipment originally requested as Mutual Aid & delivered after VJ-Day</u>		<u>4,500</u>
	TOTAL		<u>\$350,217</u>

P.C. 5314
PRIVY COUNCIL
CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA
FRIDAY, the 27th day of December, 1946

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS under the authority of the Export Credits Insurance Act, and pursuant to the provisions of Order in Council P.C. 1383 of April 9th, 1946 a financial agreement was signed between the Government of Canada and the Government of France in Ottawa on April 9, 1946, under which the Government of Canada agreed to lend to the Government of France amounts not exceeding in the aggregate \$242,500,000;

AND WHEREAS under the said agreement, the Government of France agrees to spend the proceeds of the loan for the purpose of purchasing from Canadian exporters and paying the cost of Canadian-produced goods or for any other purpose approved by the Government of Canada for which loans may be made under Part II of the Export Credits Insurance Act, as amended from time to time;

AND WHEREAS after the date of the said agreement, the Export Credits Insurance Act was amended to provide, inter alia, -

- (a) That the proceeds of a loan made under the said Act may be used to pay the cost of Canadian services and
- (b) That the proceeds of a loan made under the said Act may be used to enable any person ordinarily resident in the borrowing country to pay the cost of Canadian-produced goods or Canadian services.

AND WHEREAS the Minister of Finance and the Acting Minister of Trade and Commerce represent that the Government of France has requested that the proceeds of the loan granted under the said agreement may be used for the additional purposes set out in the preceding paragraph; and

That it is desirable to agree to the request of the Government of France;

The Honourable
The Minister of Finance

NOW, THEREFORE, His Excellency the Governor General in Council, on the joint recommendation of the Minister of Finance and the Acting Minister of Trade and Commerce and under the Export Credits Insurance Act, is pleased to order and doth hereby order that moneys received by the Government of France by way of loan under the said agreement may, in addition to the purposes set out in the said agreement, also be used, -

- (a) to pay the cost of Canadian services and
- (b) to enable persons ordinarily resident in metropolitan France (including Algeria the Union of Indo-China, any French colony, country under French protectorate or territory under French mandate) to pay the cost of Canadian-produced goods or the cost of Canadian services

subject to such terms as the Minister of Finance in consultation with the Minister of Trade and Commerce may approve and that the Minister of Finance be and he is hereby authorized to make such arrangements with the Government of France as are necessary or desirable to give effect to the foregoing.

(sgd) A. D. P. Heeney

Clerk of the Privy Council.

APPENDIX V
(Netherlands)

- (a) Order in Council P.C. 5315, dated December 27, 1946
Supplementary Agreement, dated January 29, 1947
Letter from the Minister of Finance to the Minister
of the Netherlands
Letter from the Minister of the Netherlands to the
Minister of Finance
- (b) Approximate values of Total Orders Placed in Canada
by the Netherlands Purchasing Commission and the
Netherlands Government Food Purchasing Bureau, by
Commodity Groups, as of March 31, 1947

SUPPLEMENTARY AGREEMENT ENTERED INTO THIS 29th DAY OF JANUARY
1947.

BETWEEN:

THE MINISTER OF FINANCE OF CANADA

OF THE FIRST PART

AND

THE GOVERNMENT OF THE NETHERLANDS
represented by its Minister Plenipotentiary to Canada.

OF THE SECOND PART

WHEREAS by agreement dated the 5th February, 1946, hereinafter called the Principal Agreement, the Government of Canada agreed to make a loan to the Government of the Netherlands not exceeding One Hundred and Twenty-Five Million Dollars.

WHEREAS the Government of the Netherlands has requested that the proceeds of the loan granted under the Principal Agreement, may, in addition to the purposes set out in the Principal Agreement, also be used,-

(a) to pay the cost of Canadian services and

(b) to enable persons ordinarily resident in the Netherlands to pay the cost of Canadian- produced goods or the cost of Canadian services.

WHEREAS by Chapter 49 of the Statutes of Canada of 1946 the Export Credits Insurance Act was amended to enable the borrowing countries to use the proceeds of any loan granted under the Export Credits Insurance Act for the additional purposes set out in the preceding paragraph.

WHEREAS the Minister Plenipotentiary of the Government of the Netherlands to Canada has been duly authorized by the Government of the Netherlands to execute this agreement on behalf of the Government of the Netherlands.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto covenant and agree with each other as follows:-

1. 1. Clause one of the Principal Agreement is struck out and the following substituted therefor:-

"1. In this agreement the terms 'exporter', 'Canadian-produced goods', 'cost of Canadian produced goods' and 'Canadian services' have the meaning assigned to them by the Export Credits Insurance Act of Canada as amended or any regulations made thereunder."

2. 2. Clause two of the Principal Agreement is struck out and the following substituted therefor:-

"2. Subject to the terms and conditions of this Agreement, the Minister on behalf of Canada agrees to lend to the Government of the Netherlands, such amounts not exceeding One Hundred and Twenty-five Million Dollars (Canadian) (less any amounts advanced to the Government of the Netherlands under the said Agreement of 1st May, 1945) as may from time to time be requisitioned from the Minister by the Government of the Netherlands to enable the Government of the Netherlands or any person ordinarily resident in the Netherlands to purchase from exporters, and to pay the cost of Canadian-produced goods exported or to be exported from Canada to the Netherlands and to pay the

cost of Canadian services."

3. Clause four of the said Principal Agreement is struck out and the following substituted therefor:-

"4. The Government of the Netherlands agrees that the moneys received by it under this agreement and the said agreement of 1st May, 1945, will be used only by it or by persons ordinarily resident in the Netherlands to whom it transfers any of such moneys, and only for the purpose of paying the cost of Canadian-produced goods purchased from exporters and exported or to be exported to the Netherlands and the cost of Canadian services."

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year first above mentioned.

WITNESS:

(sgd) R.B. Bryce

(sgd) D. C. Abbott
MINISTER OF FINANCE OF CANADA

(sgd) G. Beelaerts Van Blokland

(sgd) J.W.H. Snouck Hurgronje
FOR THE GOVERNMENT OF THE
NETHERLANDS.

Ottawa, January 29, 1947.

His Excellency Jonkhoeer J. W. M. Snouck Hurgronje,
Minister of the Netherlands,
Ottawa, Ontario.

Dear Sir:-

In signing with you today a supplementary agreement to the financial agreement between the Netherlands and Canada signed on February 5th, 1946, I wish to confirm our agreement that, in using the credit for the broader purposes provided by the supplementary agreement, the various understandings specified in my letter of February 5th, 1946, regarding matters relating to the financial agreement will continue in effect.

I find it necessary at this time, on behalf of the Canadian Government, to ask your agreement to more clearly defined arrangements whereby your purchasing authorities will agree in advance with our Departments of Trade and Commerce and Finance on the program of purchases for which this credit will be used, and also on arrangements for furnishing these Departments with detailed information concerning the expenditure of the funds obtained under the credit agreement. The specific arrangements for clearing of the program in advance and for the furnishing of information regarding the use made of the funds are to be worked out by the appropriate authorities on your side with the two Departments and embodied in a separate exchange of letters. I can assure you that the Canadian Departments will make every effort to arrange with your purchasing agencies and your Legation methods of cooperation intended to make possible the efficient and prompt use of the credits in accordance with these understandings, and to furnish the Canadian Government with the information it requires in order to fulfil the responsibilities which Parliament has placed upon it in this legislation.

I would appreciate confirmation from you that your understanding of the points mentioned above is the same as that which I have expressed.

Yours very truly,

Original signed by
D. C. Abbott.

ROYAL NETHERLANDS LEGATION
OTTAWA

January 29, 1947.

The Honourable D. C. Abbott,
Minister of Finance,
Ottawa.

Dear Mr. Minister:-

I have the honour to refer to your kind letter of January 29th, 1947, placing on record our agreement to continue the understandings regarding the financial agreement signed on February 5th, 1946, as laid down in Mr. Ilesley's letter of that date, and to define more clearly the arrangements necessary for putting into effect the supplementary agreement signed on this day.

I entirely agree to the understandings set forth in your letter of January 29th, and I can assure you that every effort will be made on our side to cooperate in working out the arrangements mentioned therein.

Availing myself of this opportunity, I would like to express to you my sincere thanks for the friendly cooperation of the Canadian Government, and to voice my hope that this new agreement may contribute to the strengthening of trade relations between the Netherlands and Canada by leading them into normal peace time channels.

Yours sincerely,

(sgd) SNOUCK HURGRONJE.

Approximate Values of Total Orders Placed in Canada
by the Netherlands Purchasing Commission and the
Netherlands Government Food Purchasing Bureau, by
Commodity Groups, as of March 31, 1947.

		<u>\$000</u>	
<u>Industrial Products:-</u>			
(1)	<u>Basic Materials -</u>		
	Minerals: Metallic	2,380	
	Non-metallic	270	
	Lumber	12,100	
	Hides, Leather	<u>180</u>	
	Total		14,930
(2)	<u>Manufactured Products -</u>		
	Cars and Trucks	10,800	
	Chemicals	5,000	
	Agricultural Machinery	1,300	
	Paper	730	
	Clothing	1,500	
	Miscellaneous	<u>8,340</u>	
	Total		27,670
<u>Agricultural Products:-</u>			
	Wheat	25,400	
	Other cereals	2,750	
	Meat	3,750	
	Seeds	1,400	
	Oils and Fats	300	
	Dairy Products	500	
	Miscellaneous	<u>3,300</u>	
	Total		<u>37,400</u>
TOTAL			<u>\$80,000</u>

Note: In addition contracts placed by the Netherlands Government through the Canadian Department of Reconstruction and Supply for surplus army clothing, billet and mess equipment amounted to approximately \$11,000,000.



APPENDIX VI
(Netherlands Indies)

Statement of Total Orders Placed in Canada
by the Netherlands Purchasing Commission on
behalf of the Government for the Netherlands
Indies, as of March 31, 1947

STATEMENT OF TOTAL ORDERS PLACED IN CANADA BY THE
NETHERLANDS PURCHASING COMMISSION ON BEHALF OF
THE GOVERNMENT FOR THE NETHERLANDS INDIES AS OF
MARCH 31, 1947.

Commodity Group

\$

Wheat	451,514.86
Fish	672,059.76
Aircraft & Parts	2,046,675.50
Fertilizer	281,500.00
Car & Plane Batteries	45,172.40
Rope Twine & Belting	74,153.29
School Equipment	20,740.90
Lamps and Lanterns	14,702.20
Broadcloth & Cotton Piece goods	76,535.96
Newsprint	31,938.79
Motor cars, Trucks and all Accessories including tires	5,073,103.62
Latex Cups, etc.	1,003,203.95
Heavy Chemicals & Drugs	72,991.25
Miscellaneous Purchases	48,720.54
Services	<u>1,586.68</u>
	<u>\$9,914,599.70</u>

APPENDIX VII
(Norway)

Order in Council, P.C. 339 dated January 31, 1946
Supplementary Agreement dated June 6, 1946.



P.C. 339

PRIVY COUNCIL

CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA

THURSDAY, the 31st day of JANUARY, 1946

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL

WHEREAS by Order in Council P.C.5478 of the 7th August, 1945, the Minister of Finance is authorized to make a loan to the Government of Norway under the Export Credits Insurance Act in an amount not exceeding \$13,000,000 in accordance with the terms and conditions of a draft agreement approved by the said Order in Council;

AND WHEREAS the Minister of Finance entered into an agreement dated the 25th day of June, 1945, with the Government of Norway in the terms of the draft agreement approved by the said Order in Council;

AND WHEREAS the Minister of Finance reports that it is desirable to amend the said agreement dated June 25th, 1945, by increasing the aggregate amount of the loan from \$13,000,000 to \$30,000,000;

THEREFORE His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce and under section 22 of the Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to increase from \$13,000,000 to \$30,000,000 the amount of the loan to the Government of Norway authorized by Order in Council P.C. 5478 of 7th August, 1945, and to enter into an agreement with the Government of Norway amending the said agreement of June 25th, 1945, to provide that the aggregate amount of the loan shall be \$30,000,000.

(Sgd) A. D. P. Heeney

Clerk of the Privy Council

AGREEMENT ENTERED INTO THIS 6th DAY OF JUNE 1946.

BETWEEN:

THE MINISTER OF FINANCE OF CANADA.

OF THE FIRST PART,

AND

THE GOVERNMENT OF NORWAY,
represented by its Minister Plenipotentiary to Canada,

OF THE SECOND PART:

WHEREAS by agreement dated the twenty-fifth day of June, 1945, the Government of Canada agreed to make a loan to the Government of Norway not exceeding THIRTEEN MILLION DOLLARS (\$13,000,000);

WHEREAS the Government of Norway has requested the Government of Canada to increase the amount of the loan from THIRTEEN MILLION DOLLARS (\$13,000,000) to THIRTY MILLION DOLLARS (\$30,000,000);

WHEREAS by Order in Council P.C. 339 of 31st January, 1946, the Minister of Finance was authorized to enter into an agreement with the Government of Norway amending the said agreement of 25th day of June, 1945, to provide that the aggregate amount of the loan shall be THIRTY MILLION DOLLARS (\$30,000,000); and

WHEREAS the Minister Plenipotentiary of Norway to Canada, Mr. Daniel Steen, has been duly authorized by the Government of Norway to execute this agreement on behalf of the Government of Norway.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto covenant and agree with each other as follows:

1: The said agreement dated the twenty-fifth day of June, 1945, is hereby amended by striking out the amount "THIRTEEN MILLION DOLLARS (\$13,000,000)" where it appears in Clauses 1, 2 and 7 of the said agreement of 25th June, 1945, and substituting therefore "THIRTY MILLION DOLLARS (\$30,000,000)".

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year above mentioned.

WITNESS:

(Sgd) A. L. Wickwire

(Sgd) J. L. Ilsley

(Sgd) Knut Orre

(Sgd) Daniel Steen
FOR THE GOVERNMENT OF NORWAY

APPENDIX VIII
(Guarantee of Ning Sung Banking Credit)

Order in Council P.C. 4690, dated November 12, 1946
Form of Guarantee by the Government of the Republic
of China
Form of Guarantee by the Government of Canada.

PRIVY COUNCIL
CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 12th day of NOVEMBER, 1946.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS the Government of the Republic of China, through His Excellency Dr. Liu Shih Shun, duly accredited to His Majesty the King as the Ambassador of China to Canada, has requested the Government of Canada to guarantee, under the provisions of The Export Credits Insurance Act, -

(a) the guarantee of the Government of the Republic of China of the payment by Ming Sung Industrial Company Ltd., a Corporation duly organized and subsisting under the laws of the Republic of China, of the cost of Canadian-produced goods to be purchased by it from exporters and the cost of Canadian services to be supplied to it, to a maximum amount of Twelve Million, Seven Hundred and Fifty Thousand Dollars (\$12,750,000) in lawful money of Canada, to be advanced by Imperial Bank of Canada, The Bank of Toronto and The Dominion Bank pursuant and subject to an Agreement dated October 30th, 1946, between said Company and said Banks, and

(b) the securities given by the said company for repayment of the said amounts so to be advanced in the form of the covenant contained in the said Agreement to pay the amounts drawn or to be drawn under letters of credit to be issued by the said Banks in accordance with the said Agreement and in the form of any other covenant or covenants given by the said Company to repay the amounts so drawn or to be drawn, and in the form of promissory notes or other evidences of indebtedness made or given by the said Company to the said Banks in accordance with the terms of the said Agreement, including interest as therein provided; -

AND WHEREAS the Government of the Republic of China under the hand of its Ambassador duly authorized in that behalf has itself guaranteed the payments to be made by and the securities to be given by Ming Sung Industrial Company Limited, under the said Agreement, has requested the Government of Canada to guarantee as aforesaid and has undertaken to indemnify the Government of Canada against loss in connection with the guarantee so requested; -

AND WHEREAS the terms and conditions upon which the guarantee by the Government of Canada is requested and upon which the said Banks have entered into the aforesaid Agreement with Ming Sung Industrial Company Ltd., are set out in said Agreement, a true copy of which is annexed hereto and contains as schedules thereto the form of guarantee given to the said banks by the Government of the Republic of China as aforesaid and the suggested form of guarantee requested to be given by the Government of Canada; -

AND WHEREAS the Minister of Finance and the Minister of Trade and Commerce report that the giving of such guarantees is advisable for the purpose of facilitating and developing trade between Canada and China; and

That the aggregate amount of guarantees under subsection (I) of Section 22A of Part 2 of The Export Credits Insurance Act outstanding at the date hereof together with the amount of Twelve Million, Seven Hundred and Fifty Thousand Dollars (\$12,750,000) in respect of which the

guarantee of the Government is now requested, does not exceed Two Hundred Million Dollars (\$200,000,000).

NOW, THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce (concurring in by the Secretary of State for External Affairs) and under the authority of Part II of The Export Credits Insurance Act (as amended), is pleased to authorize and doth hereby authorize the Minister of Finance on behalf of the Government of Canada to give the guarantee, as so requested, in the terms aforesaid provided that the aggregate amount to be so guaranteed shall not exceed Twelve Million, Seven Hundred and Fifty Thousand Dollars (\$12,750,000).

Certified to be a true copy

(Signed) A. M. Hill
Ass't Clerk of the Privy Council.

FORM OF GUARANTEE BY THE GOVERNMENT
OF THE REPUBLIC OF CHINA

The Government of the Republic of China, acting herein by His Excellency Dr. Liu Shih-Shun its Ambassador to His Majesty in the right of the Dominion of Canada and hereunto duly authorized, HEREBY GUARANTEES to Imperial Bank of Canada, The Bank of Toronto and The Dominion Bank,-

(a) the payment by Ming Sung Industrial Company Ltd. a corporation duly organized and subsisting under the laws of the Republic of China, of the cost of Canadian-produced goods to be purchased by it from exporters and the cost of Canadian Services to be supplied to it, to a maximum amount of Twelve million, seven hundred and fifty thousand dollars (\$12,750,000) in lawful money of Canada, to be advanced by said Banks pursuant and subject to an Agreement dated 30th October 1946 between said Company and said Banks, and

(b) the securities given by the said Company for repayment of the said amounts so to be advanced in the form of the covenant contained in the said Agreement to pay the amounts drawn or to be drawn under letters of credit to be issued by the said Banks in accordance with the said Agreement and in the form of any other covenant or covenants given by the said Company to repay the amounts so drawn or to be drawn, and in the form of promissory notes or other evidences of indebtedness made or given by the said Company to the said Banks in accordance with the terms of the said Agreement including interest as therein provided.

The Government of the Republic of China shall not be liable under this guarantee in respect of any amount drawn under any letter of credit issued under the said Agreement or in respect of the amount of any payment made by the said Banks upon any cheque or order of said Company thereunder or in respect of the amount of any promissory note or other security given by the said Company for advances made by the said Banks as provided in the said Agreement if it shall appear that with respect to the amount so drawn, paid or advanced any certificate or approval required under the said Agreement to be given to the said Banks or any of them by or on behalf of the Minister of Finance of Canada was not so given; Provided that if and whenever the said Banks furnish to the said Minister of Finance a list of amounts so drawn, paid or advanced with particulars of the certificates and approvals given to them with respect thereto, then at the expiration of sixty days from the date of furnishing any such list and particulars and subject to the said Banks during such period making available for inspection by or on behalf of the said Minister of Finance, if desired by him, their relative books and records including such certificates and approvals, it shall be conclusively presumed that all required certificates and approvals were duly given with respect to all of the amounts so listed which the said Minister of Finance within the said period of sixty days shall not have disputed by notice in writing to the said Banks.

Whenever default is made by Ming Sung Industrial Company Ltd. in any payment due to any of the said Banks under the said Agreement or under any of the said securities to be given by said Company as therein provided, the said

Bank or Banks shall within fifteen (15) days thereafter notify the Minister of Finance of the Government of Canada of such default and forward to him its or their request, addressed to, and for transmission to, the Government of the Republic of China, for payment under its guarantee of the amount or amounts so due and payable.

DATED AT OTTAWA, CANADA, as of the 30th day of October, 1946.

ON BEHALF OF THE GOVERNMENT OF THE
REPUBLIC OF CHINA

Ambassador

FORM OF GUARANTEE OF
THE GOVERNMENT OF CANADA

HIS MAJESTY THE KING in the right of the Dominion of Canada acting by virtue of powers conferred by Act of the Parliament of Canada, being The Export Credits Insurance Act, chapter 39 of 1944 as amended, and an Order of the Governor-in-Council, P.C. No. 4690 dated November 12, 1946,
HEREBY GUARANTEES to Imperial Bank of Canada, The Bank of Toronto and The Dominion Bank

(a) the guarantee of the Government of the Republic of China of the payment by Ming Sung Industrial Company Ltd., a Corporation duly organized and subsisting under the laws of the Republic of China, of the cost of Canadian-produced goods to be purchased by it from exporters and the cost of Canadian services to be supplied to it, to a maximum amount of Twelve million, seven hundred and fifty thousand Dollars (\$12,750,000) in lawful money of Canada to be advanced by Imperial Bank of Canada, The Bank of Toronto and The Dominion Bank pursuant and subject to an Agreement dated October 30th 1946 between said Company and said Banks, and

(b) the securities given by the said Company for repayment of the said amounts so to be advanced in the form of the covenant contained in the said agreement to pay the amounts drawn or to be drawn under letters of credit to be issued by the said banks in accordance with the said agreement and in the form of any other covenant or covenants given by the said Company to repay the amounts so drawn or to be drawn, and in the form of promissory notes or other evidences of indebtedness made or given by the said company to the said banks in accordance with the terms of the said agreement, including interest as therein provided.

His Majesty the King shall not be liable under this guarantee in respect of any amount drawn under any letter of credit issued under the said Agreement or in respect of the amount of any payment made by the said Banks upon any cheque or order of said Company thereunder or in respect of the amount of any promissory note or other security given by the said Company for advances made by the said Banks as provided in the said Agreement if it shall appear that with respect to the amount so drawn, paid or advanced any certificate or approval required under the said Agreement to be given to the said Banks or any of them by or on behalf of the Minister of Finance of Canada was not so given; Provided that if and whenever the said Banks furnish to the said Minister of Finance a list of amount so drawn, paid or advanced with particulars of the certificates and approvals given to them with respect thereto, then at the expiration of sixty days from the date of furnishing any such list and particulars and subject to the said Banks during such period making available for inspection by or on behalf of the said Minister of Finance, if desired by him, their relative books and records including such certificates and approvals, it shall be conclusively presumed that all required certificates and approvals were duly given with respect to all of the amounts so listed which the said Minister of Finance within the said period of sixty days shall not have disputed by notice in writing to the said Banks.

Whenever default is made by Ming Sung Industrial Company, Ltd. in any payment due to any of the said Banks under the said Agreement or under any of the said securities to be given by said Company as therein provided, the said Bank or Banks shall within fifteen (15) days thereafter notify the Minister of Finance of such default and forward to him its or their request addressed to the Government of the Republic of China for payment under its guarantee of the amount or amounts so due and payable; and after ninety days from such notification and the forwarding to the Minister of Finance of such request,

the Bank or Banks shall certify to him the extent to which the Government of the Republic of China has paid or caused to be paid the amount so requested accompanied by a statement of the balance thereof remaining due and payable, including interest, and a written request for payment of such balance thereof by the Government of Canada whereupon the Government of Canada shall cause the amount then due and payable to the Bank or Banks under this guarantee to be paid to the Bank or Banks with interest to date of payment, with reserve of all rights the Government of Canada may have against the Government of the Republic of China.

DATED AT OTTAWA, CANADA, as of the 30th day of October, 1946.

ON BEHALF OF HIS MAJESTY THE KING

Minister of Finance.

To His Excellency, Field Marshal the Right Honourable
Viscount Alexander of Tunis, G.C.B., G.C.M.G., etc.,
Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

The undersigned has the honour to present
to Your Excellency a report on operations under Part II
of The Export Credits Insurance Act for the fiscal year
ended March 31st, 1948.

All of which is respectfully submitted,

(Sgd.) D. C. Abbott

Minister of Finance.

Ottawa, June 24th, 1948.

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Canadian Finance, Dept. of

REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1947-48

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REPORT ON OPERATIONS UNDER PART II OF THE
EXPORT CREDITS INSURANCE ACT DURING THE
FISCAL YEAR 1947-48

TABLE OF CONTENTS

1. General.
2. Summary of operations during the year:
 - (a) Supplementary agreements.
 - (b) Cash purchases by borrowing countries under arrangements relating to the agreements.
 - (c) Encumbrance of credit funds.
 - (d) Reports by borrowing governments on purchases made under agreements and related arrangements.
 - (e) Provisions under the agreements for repayment of the loans.
 - (f) Total direct credits authorized and loans outstanding under Part II of the Act as of March 31, 1948.
3. Salient features of operations under the Agreements with individual countries during the fiscal year:
 - (a) Belgium
 - (b) China
 - (c) Czechoslovakia
 - (d) France
 - (e) Netherlands
 - (f) Netherlands Indies
 - (g) Norway
 - (h) U.S.S.R.
 - (i) Summary
4. Operations under the guarantee provisions.

Tables:

Table I	Advances to foreign governments under The Export Credits Insurance Act, by months, to March 31, 1948.
Table II	Statement of Direct Credits authorized and Loans outstanding at March 31, 1948, under The Exports Credits Insurance Act.
Table III	Canadian Imports and Exports compared with Advances under Export Credits, by countries, Fiscal years 1945-46, 1946-47 and 1947-48.
Table IV	Canadian Goods and Services financed under Export Credit Arrangements, by Countries; Total Reported Payments made during the three calendar years 1945 to 1947; Comparison with total trade during the period 1945 to 1947 and 1936 to 1938.

Appendices.

REPORT ON
OPERATIONS UNDER PART II OF THE EXPORT
CREDITS INSURANCE ACT DURING THE FISCAL
YEAR 1947-48

1. GENERAL

Part II of The Export Credits Insurance Act, 1944, as amended on December 18, 1945 and on July 5, 1946, permitted the Governor in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, to authorize the Minister of Finance to enter into agreements with foreign governments or their agencies (a) to provide them with credits to enable them or any person ordinarily resident in such country to pay the cost of Canadian-produced goods or the cost of Canadian services, or (b) to purchase or guarantee securities issued by them for the purpose of making such payments, or (c) to guarantee obligations undertaken or guaranteed by such government or agency under contracts to purchase Canadian goods and services, if such action is deemed advisable for the purpose of facilitating and developing trade or any branch of trade between Canada and any other country. The Act empowered the Governor in Council to authorize the Minister of Finance to enter into agreements for the purposes described above at any time before January 1, 1948..

During the fiscal year under review no new credits were authorized or further commitments made to guarantee credits, before the authority to do so under the Act expired. During previous years, however, the Minister of Finance had entered into agreements with eight countries making available lines of credit totalling \$594,500,000. During the fiscal year under review, credit funds totalling \$132,647,976.49 were advanced under these agreements. During the same period liabilities under outstanding guaranteed bank credits were increased by amounts totalling \$5,310,794.57.

2. SUMMARY OF OPERATIONS DURING THE YEAR

(a) Supplementary Agreements

Mention was made in the report of the last fiscal year that the period during which the credits might be utilized under the principal agreements had already been extended in the case of a few countries and was under consideration in other cases. In considering these extensions, the Government felt that it was in the interests of both Canada and the countries concerned that they be given the opportunity to make the most beneficial and economic use of the credits made available to them. In determining the amount of the credits originally established and the period over which they were to be utilized, the requirements in Canada of each country concerned and the anticipated production and supply position of Canada were taken into account. The demand for Canadian exports, however, particularly for

agricultural and some metal products, exceeded expectations and borrowing governments had some difficulties in meeting their requirements within the period established by the original agreements. An extension of the period during which the credits might be drawn upon enabled borrowing countries to confine their purchases in Canada to those commodities most economically obtainable and to those most urgently required for the rehabilitation and reconstruction of their economies, thereby at the same time reducing the rate of their use of the Canadian credits and the pressure on the Canadian supply position, factors which are not unimportant from the point of view of their effects on the Canadian economy.

During the year under review the period during which the credits might be utilized was extended under supplementary agreements with each of the countries to which a general line of credit had been made available. The extension in most cases was for an additional one-year period beyond the date established under previous agreements. Appropriate provision was made in each case for the consolidation of the amounts advanced during the extended period together with accrued interest and for the delivery of bonds covering this consolidated amount in accordance with the general terms of the principal agreements. In some cases, where it had not been previously provided, the supplementary agreements enabled the borrowing governments or agencies concerned to utilize the loans to pay for Canadian services as well as for Canadian goods and to make the funds available to private importers of their country to finance purchases of Canadian goods and services. A technical amendment made in the payments clause of several agreements is described in paragraph (e) below. Details of the supplementary agreements with each country are given in Section 3 of this report.

(b) Cash Purchases by Borrowing Governments under Arrangements relating to the Agreements

In previous reports it has been explained that, when the credit agreements were originally negotiated, most countries were requested to finance at least a portion of their requirements in Canada, during the period in which the credits were being utilized, with Canadian dollars acquired by selling to Canada gold or foreign exchange convertible into gold. Having in mind the foreign exchange position of the countries concerned at the end of the war, and of the earning which they might expect to make during the following two-year period, during which most credits were originally to be utilized, the portion of purchases in Canada agreed to be financed in this way was, in the case of most countries, of the order of one-fifth or one-sixth of the total program being considered. In the case of Czechoslovakia, no foreign exchange resources were available to her at the time of the first agreement, under which the credit was to be utilized over a twelve month period only, and the original arrangements did not provide that a portion of the purchases in Canada be financed from cash.

When, during the year under report, consideration was being given to the extension of the period during which credits might be utilized, the relative foreign exchange position of the countries concerned and their ability to

increase cash purchases in Canada were reviewed. The adverse developments in Canada's own foreign exchange position and the emergency measures which it has been found necessary to put into effect to check the excessive drain on her foreign exchange reserves, have been explained and fully discussed elsewhere and need not be reviewed here. It was essential that Canada increase her export sales for cash. During the two years following the war some European countries, particularly those less severely disrupted by the war than others, had made considerable progress in the rehabilitation and reconstruction of their domestic economies and in the renewal of trade relations abroad. They were therefore in a relatively better position to increase cash purchases in Canada. Accordingly, having regard to these factors, and also that one of Canada's best European customers, the United Kingdom, was already financing one-half of her purchases in Canada with cash, it was agreed, at the time the period was extended during which the balance of the credits might be utilized by Belgium and Norway, that at least one-half of their future purchases in Canada would be financed from cash in the manner described above. In extending the period of the use of the credit by Czechoslovakia to December 31, 1948, consideration was given to the facts that the requirements of Czechoslovakia in Canada since the end of the war had been financed wholly by credit, that the period of use of the credit had already been extended by one year and that economic developments in Czechoslovakia up to that time, particularly its expansion of export trade, had been favourable. Accordingly, it was agreed that at least one-half of the payments made by Czechoslovakia during the extended period would be made with Canadian dollars acquired by the sale to Canada of foreign exchange convertible into gold. Details of the arrangements with each of these countries are given in Section 3 of this report.

In most cases then, a portion only of the programs of purchases being made in Canada under credit arrangements are financed from credit funds; an increasing proportion of their requirements are being financed from their own foreign exchange earnings. In addition to cash purchases made from the proceeds of the sale of foreign exchange and included under the arrangements described above, purchases have been financed from other Canadian dollar resources available to the countries concerned. In some cases Canadian dollar balances were held at the end of the war; others acquired balances under post-war settlements with Canada in respect of services rendered the Canadian Armed Services during and after the war; in the earlier post-war years, exports to borrowing countries were partly financed in varying proportions under Military Relief and UNRRA arrangements; and Canadian dollars have been earned at an accelerated rate since the war in receipts for exports to Canada and for other services rendered to Canada (see Table III). These sources of funds have been utilized in varying proportions by the various countries since the end of the war along with the credits made available by the Canadian Government. An indication of the purchases which have been financed from both credit and cash, under arrangements related to the credit agreements, in comparison with total Canadian exports to each of these countries is given in Table IV of this report. It should be borne in mind, however, that no accurate comparison can be made between the value of exports recorded for any specific period and payments made by countries under credit arrangements, since the latter figures include progress payments on orders placed but not delivered and payments for freight and other Canadian services not included in export figures.

(c) Encumbrance of Credit Funds

As previously reported several of the borrowing governments have been availing themselves of the facilities of Canadian Government procurement agencies, particularly the Canadian Commercial Corporation and the Wheat and Grain Division of the Department of Trade and Commerce, for making purchases in Canada. The normal practice of these Canadian Government procurement agencies has been to require the deposit of funds to cover commitments made on behalf of foreign Governments or their agencies. In view of the magnitude of the orders placed by countries making use of credits and the desire to avoid tying up unnecessarily substantial amounts of funds to cover commitments made on such orders, arrangements were worked out whereby credit funds may be encumbered against orders placed and subsequently drawn and transferred to the procurement agency from time to time as payments are required under contracts placed by it on behalf of borrowing countries. In some cases similar arrangements have also been made by which encumbrances are established by the Department of Finance against letters of credit issued by commercial banks on behalf of borrowing governments or their agencies. The net amounts of these special encumbrances outstanding at March 31, 1948, in the case of those countries making use of these facilities, are included in Table I.

(d) Reports by Borrowing Governments on Purchases made under Agreements and Related Arrangements

Borrowing governments, as previously reported, provide periodic statements listing payments made for Canadian goods and services under their purchase programs which are being financed in whole or in part by credits provided under this Act. These detailed statements enable the Canadian Departments concerned to ascertain that adequate expenditures have been made on items coming within the definitions of Canadian goods and services in the Act.

In making credit funds available to finance purchases in Canada by private importers of the borrowing countries--a provision made in the amendments to the Act on July 5, 1946, and later incorporated in the agreements with most countries concerned--it was necessary for the borrowing countries to make special arrangements to include these purchases in the reports provided to the Canadian Government. This procedure involves unavoidable delays in the preparation of reports and there is consequently a delay, in some cases of several months, from the time payments are made until such transactions by various purchasing agencies and private concerns have been incorporated in the statements and forwarded to and analyzed by Canadian authorities. It is therefore not possible at the time this report is being prepared to give details of payments made under the credit arrangements to the end of the fiscal year. Reported payments made by each country in Canada under credit arrangements, summarized by commodity groups, are shown in Table IV, however, for the period up to December 31, 1947. Details of payments made for purchases in Canada under credit arrangements during this period are also included in the appendices in respect of each country.

(e) Provisions under the Agreements for Repayment of the Loans

The original and principal agreements normally contained a provision that repayments of the loans shall be

made in Canadian dollars or in fine gold at the option of the borrowing government and that during such period as foreign exchange regulations in Canada require that exports from Canada to the borrowing country result in the sale of specified foreign exchange to an authorized dealer of the Foreign Exchange Control Board and permit Canadian importers of goods from the borrowing country to make payments for imports in such specified foreign exchange, any Canadian dollars used in repayment by the borrowing government are to be acquired by the sale to Canada of such specified foreign currency or in such other manner mutually agreed upon. This provision in effect means that Canada requested ultimate payment of the loans in the same currencies as she currently requires in payment for exports from Canada to the country concerned.

In making these credit funds available for use by private importers, it was necessary to make suitable adjustments in the Canadian Foreign Exchange Control Regulations, which previously required payment in U.S. dollars for Canadian exports to these areas, and to which specific exceptions had been made for government credit purchases. This was done by the Foreign Exchange Control Board in December, 1946, in new regulations which designated various European borrowing countries and their currency areas as "special arrangement countries", exports to which could be sold for Canadian dollars, including, of course, dollars provided under credit arrangements. Appropriate arrangements were made to ensure that the Canadian dollars used in such trade were obtained from sources acceptable to the Foreign Exchange Control Board and not from transactions in unofficial markets outside Canada.

In view of these special arrangements and in keeping with the general policy that the loans could be repaid in the same manner in which payments may currently be made for Canadian exports, it was appropriate to modify the original payments clauses of the agreements concerned in effect to enable borrowing governments to make repayment of the loans in Canadian dollars acquired in an official manner as well as by the sale of specified foreign exchange, so long as these special arrangements are in effect. Accordingly, supplementary agreements during the year with governments concerned included a modification of the payment clauses to this effect.

(f) Total Direct Credits and Loans
Outstanding at March 31, 1948

During the fiscal year 1947-48 no new credits were extended in addition to those previously made available. Total credits made available under this legislation remained, therefore, at \$594,500,000 during the year. Advances under original agreements and under supplementary agreements, extending the period during which the credits might be used, totalled \$132,647,976.49 during the year under review, making total advances under these agreements at March 31, 1948, \$467,430,608.88. The net additional amounts specially encumbered against outstanding orders amounted at this date to \$13,746,816.89 in total. Table I gives in detail the advances by months and fiscal years to each of the borrowing governments under the various agreements up to March 31, 1948, and indicates the net credit encumbered and the net credit remaining at the end of the fiscal year.

The agreements normally provide that at the end of a suitable period, during which the monies made available by the agreement are drawn upon, the total amounts drawn, plus interest at the agreed rate during this period, are to be consolidated and bonds delivered by the borrowing government to the Minister of Finance in evidence of this consolidated debt. The aggregate principal amounts of these bonds represent the total advances made during the period covered by the consolidation plus the total accrued interest on each advance to the date of consolidation. When such bonds are delivered, Canadian Government records are accordingly adjusted to reflect the gross debt represented by the bonds. At March 31, 1948, bonds had been delivered representing gross debts already consolidated totalling \$127,915,779.53. Repayments under the agreements to this date totalled \$2,111,753.42. Total debts outstanding under this legislation at March 31, 1948, including the principal outstanding under unmatured bonds and further advances made but not yet consolidated and covered by bonds, amounted to \$467,435,453.09. Details of the bonds issued, of repayments made and of interest payments made on bonds outstanding are shown in Table II in respect of each country.

(Guaranteed credits are not included here but are described in Section 4 below.)

3. SALIENT FEATURES OF OPERATIONS UNDER THE AGREEMENTS WITH INDIVIDUAL COUNTRIES DURING THE FISCAL YEAR

(a) Belgium

On October 24, 1947, a supplementary financial agreement, authorized by Order in Council P.C. 4321 of the same date, was entered into with the Government of Belgium, extending to December 31, 1948, the period during which the credit might be drawn upon. Under the original agreement with Belgium, signed on October 25, 1945, as amended on May 2, 1946, the credit was made available until June 30, 1947. Because of unforeseen heavy demands on some Canadian exports, Belgium was unable to obtain during this period all the requirements contemplated at the time of the original agreement and requested this extension of the period during which the credit might be used to enable her to complete the program of purchases originally planned. In view of the relatively improved economic and financial position of Belgium and the foreign exchange problems which had developed in Canada in the meantime, it was agreed that at least one half of the purchases made by Belgium in Canada during this extended period would be financed from Belgium's own foreign exchange resources.

In the supplementary agreement extending the period of the use of the credit to December 31, 1948, appropriate provisions were made for the consolidation of advances made

to the Government of Belgium during this extended period together with interest accrued on these advances to December 31, 1948, and for the delivery of a series of 28 bonds in evidence of this debt. These bonds will bear the same interest and have the same maturity dates as the last 28 series of the previous bond issue. A technical modification was made also in the payments clause of the agreement in order to bring this clause more in line with present foreign exchange regulations in respect of payments from Belgium to Canada. A copy of this supplementary agreement, of the Order in Council authorizing the Minister of Finance to sign the agreement, and of the letter from the Minister of Finance to the Belgian Ambassador concerning the arrangements related to the agreement, are contained in Appendix I (a).

In accordance with terms of the agreements with the Government of Belgium, the principal amounts of the advances made during the year from July 1, 1946, to June 30, 1947, and interest at the rate of three per cent per annum on each amount, from the date it was paid into the account of the National Bank of Belgium with the Bank of Canada to June 30, 1947, were consolidated into one amount. Total advances made during this period amounted to \$22,000,000 and interest accruals to June 30, 1947, totalled \$248,054.80, making a total consolidated debt at June 30, 1947, of \$22,248,054.80. Approximately one-thirtieth of this amount, viz., \$730,054.80, was repaid by the Government of Belgium on June 30, 1947, and 29 bonds covering the balance of the consolidated debt were delivered to the Minister of Finance in evidence of the balance of this obligation. These bonds bear interest at 3 per cent per annum, payable semi-annually, and mature serially over a period of 29 years, the first falling due on June 30, 1948.

The first bond of the series of 30 bonds issued on June 30, 1946, covering advances made during the first year of the agreement, matured on June 30, 1947, and was redeemed by the Government of Belgium by the payment of \$1,381,698.62 in accordance with the agreement. Total interest payments by the Government of Belgium during the fiscal year on bonds outstanding under the agreement amounted to \$1,545,835.48.

At March 31, 1948, total advances made under the agreement with the Government of Belgium amounted to \$67,000,000. These funds have been used to finance a portion of the payments made by the Government of Belgium for Canadian goods and services since the credit was first made available in October, 1945, the balance being financed from Belgian foreign exchange resources to at least the proportion agreed upon and from other Canadian dollar receipts of the Government of Belgium including receipts from exports and other services rendered to Canada. The Government of Belgium reports that total payments made in Canada for government purchases of Canadian goods and services during the period from October 25, 1945, to December 31, 1947, amounted to approximately \$116,724,000, of which \$67,000,000 was financed from credit funds. A breakdown by commodity groups of the total reported payments by the Government of Belgium up to December 31, 1947, is shown in Appendix I (b). During this same period, sales to Canada of gold or foreign exchange convertible into gold which have been reported by the Government of Belgium and taken into account under the arrangements related to the credit agreement amounted to \$16,600,000.

(b) China

On May 28, 1947, an amending agreement authorized by Orders in Council P.C. 282 dated January 30, 1947, and P.C. 1643 dated April 29, 1947, was signed with the Government of China. This agreement made the funds provided under the principal agreement available for the purpose of making payments for Canadian services in addition to Canadian goods, and deferred from December 31, 1947, to December 31, 1948, the end of the period during which the credit funds may be utilized, to enable China to complete the program of purchases contemplated at the time of the original agreement. Appropriate provisions were made for the consolidation of advances made during this extended period together with accrued interest to December 31, 1948, for the repayment by the Government of China of one-thirtieth of this consolidated debt at December 31, 1948, and for the delivery of a series of 29 bonds representing the balance of this debt. These bonds will bear the same interest and have the same maturity dates as the last 29 series of bonds issued under the principal agreement in respect of the consolidated debt at December 31, 1947. A copy of this agreement and of the Orders in Council authorizing the Minister of Finance to enter into it are included in Appendix II (a).

In accordance with the terms of the principal agreement with the Government of China, the principal amounts advanced during the period from February 7, 1946, to December 31, 1947, and interest at the rate of 3 per cent per annum on each amount from the date it was paid into the account of the Government of China with the Bank of Canada to December 31, 1947, were consolidated. For administrative purposes this consolidated debt was divided into two portions, one portion representing a consolidated amount in respect of advances made under the \$35,000,000 portion of the credit, originally made available for general post-war reconstruction purposes, and a second portion representing a consolidated amount in respect of advances made under the \$25,000,000 portion of the credit, which was reserved to finance uncompleted Mutual Aid and other war surplus items. Advances under the \$35,000,000 portion of the credit to December 31, 1947, amounted to \$19,963,879.12 and interest accrual during this period amounted to \$517,050.88, making a consolidated debt under this portion of the credit amounting to \$20,480,930.00. Under the \$25,000,000 portion of the credit, advances during this period amounted to \$12,676,209.17, with interest accruals of \$366,269.74, making a consolidated debt under this portion of \$13,042,478.91. The total consolidated debt at December 31, 1947, under both portions of the credit amounted to \$33,523,408.91. The Government of China has delivered to the Minister of Finance a series of 30 bonds each in evidence of the consolidated debts under both portions of the credit. These bonds bear interest at 3 per cent per annum, payable semi-annually, and mature serially over a period of 30 years, the first falling due on December 31, 1948.

When the credit was made available to China, \$25,000,000 of the total credit was reserved to finance purchases of supplies and equipment which had been requested by China from Canada as Mutual Aid and certain other war surplus items in production at the termination of Mutual

Aid arrangements. This reservation was made under arrangements supplementary to the credit agreement itself and set forth in an exchange of letters, dated February 7, 1946, between the Canadian Minister of Finance and the Chinese Ambassador. By the early part of 1947, the Government of China had already purchased or entered into commitments to purchase most of those items which it wished to obtain under this reserved portion of the credit, and requested that the purposes for which this portion of the credit was reserved be broadened to enable the Government to utilize the unused balance for their general requirements in Canada of industrial equipment, supplies and services. After careful consideration the Canadian Government decided that it was not intended that this portion of the credit be made available for general purposes, but agreed to broaden the purposes for which the balance of this portion of the credit might be used to include any goods owned by War Assets Corporation that are surplus to Canadian requirements.

At March 31, 1948, total advances under the agreement with China amounted to \$39,542,147.43. Additional net amounts totalling \$11,286,699.55 were encumbered at this date against outstanding commitments. Of these totals, advances under the \$35,000,000 portion of the credit amounted to \$25,052,754.71 with encumbrances against outstanding commitments totalling \$9,239,198.19; and advances under the \$25,000,000 portion amounted to \$14,489,392.75 with outstanding encumbrances at \$2,047,501.36.

Reports on the use made of credit advances for the period from the time the credit was made available in February, 1946, to December 31, 1947, show payments made by the Government of China for Canadian goods and services for general post-war reconstruction purposes under the \$35,000,000 portion of the credit totalling \$19,840,492.56, payments under the \$25,000,000 portion for uncompleted Mutual Aid and other surplus items amounting to \$12,908,444.67, making total payments under the credit program amounting to \$32,784,937.23 during this period. Credit funds advanced during this period under both portions of the credit amounted to \$32,640,088.29.

Under arrangements relating to the credit agreement, a certain portion at least of the requirements in Canada of the Government of China and Chinese private importers are to be financed with U.S. dollars or the equivalent. For the period up to December 31, 1947, the Government of China has reported such cash purchases in Canada by Chinese private importers totalling in value approximately \$14,400,000. In addition, reported sales to Canada of convertible foreign exchange by the Government of China to finance additional cash purchases by the Chinese Government amounted to approximately \$5,300,000. A breakdown by commodity groups of payments made under the two portions of the credit and of purchases made in Canada by private Chinese importers are shown in Appendix II (b).

(Operations under the guaranteed bank credit arrangements with a Chinese corporation are described in Section 4 of this report.)

(c) Czechoslovakia

Under authority of P.C. 4856 dated November 26, 1947, the Minister of Finance signed a supplementary agreement of the same date with the Government of Czechoslovakia to incorporate in the principal agreement changes requested by that Government. The Government of Czechoslovakia had encountered delays in obtaining in Canada supplies under the program of purchases being financed by the credit, and requested that this program, originally outlined in Schedule "A" of the principal agreement, be broadened to enable them to purchase a wider range of goods, and that the period during which the credit funds are available for use be extended to the end of the year 1948. Accordingly, the supplementary agreement provided that the date on which credit funds might be requisitioned and advanced be extended from November 26, 1947 to December 31, 1948, and made appropriate provisions for the consolidation of the amounts advanced together with interest accrued during the extended period, and for the issue, in respect of this consolidated debt, of bonds having the same dates of maturity and rate of interest as specified in the principal agreement. It was further agreed that Schedule "A" would not apply during this extended period, and that the funds lent could be expended for purchases in Canada in accordance with an agreed program. In addition, at the request of the Government of Czechoslovakia and in accordance with the amendment to the Act of July, 1946, credit funds were made available to pay the cost of Canadian services as well as Canadian goods and to finance purchases in Canada under the credit program by private Czechoslovak importers. A modification was made also in the payments clause of the principal agreement with Czechoslovakia, similar to that mentioned in the case of Belgium and described in Section 2(e) of this report.

When the original agreement was signed with the Government of Czechoslovakia on March 1, 1945, making available to that government a credit of \$15,000,000 for the purchase of Canadian goods, the foreign exchange resources available to the Government of Czechoslovakia were negligible, having been confiscated by the enemy and not yet released. It was not expected, therefore, that Czechoslovakia would be in a position to make cash purchases in Canada during the first year of post-war trade, the period in which it was originally contemplated that the credit would be utilized. Accordingly, it was not requested of Czechoslovakia at that time that a portion of her purchases in Canada be made from her own resources as was done under supplementary arrangements with most of the other countries to which credits were made available. Later in the year, on June 26, 1945, because of the particularly difficult foreign exchange position of Czechoslovakia at that time, a special additional credit of \$4,000,000 was made available to take into account the cost of delivery and transportation charges on the supplies being purchased under the credit.

The Government of Czechoslovakia was unable, however, during the original first year period to purchase the most urgently required supplies in Canada, and the period during which the credit might be utilized was extended for an additional one-year period by an amending agreement dated June 28, 1946, and again extended to

December 31, 1948, by the supplementary agreement dated November 26, 1947. In the meantime considerable progress had been made in the rehabilitation of the Czechoslovak economy and in the development of foreign trade, with some improvement in the country's foreign exchange position. Meanwhile, Canada's own foreign exchange position had seriously deteriorated. In extending for the second time the period during which the credit might be used, these factors were taken into consideration and the Government of Czechoslovakia agreed to finance from its own foreign exchange resources at least one half of the payments made under the program during the extended period. This arrangement, supplementary to the agreement, was set forth in an exchange of letters dated November 26, 1947, between the Minister of Finance and the Minister for Czechoslovakia. A copy of these letters, together with a copy of the supplementary agreement and the Order in Council authorizing the Minister to sign the agreement, are included in Appendix III (a).

In accordance with the terms of the agreement with the Government of Czechoslovakia, the principal amounts advanced during the 24 months' period commencing on November 26, 1945, and interest at the rate of $2\frac{1}{2}$ per cent per annum on each amount, from the date it was paid into the special account of the Government of Czechoslovakia with the Bank of Canada, were consolidated into one amount. The total advances made during this period amounted to \$11,303,093.61 and interest accruals to November 27, 1947, amounted to \$222,631.82, making a total consolidated debt at this date of \$11,525,725.43. Five bonds covering this total amount were delivered by the Government of Czechoslovakia to the Minister of Finance in evidence of this consolidated debt. The bonds bear interest at $2\frac{1}{2}$ per cent per annum payable semi-annually, and mature serially over a period of five years, the first falling due on November 27, 1950. Interest payments on these bonds during the fiscal year totalled \$27,630.16.

At March 31, 1948, a total amount of \$15,175,550.11 had been advanced under the agreements with Czechoslovakia and an additional net amount of \$2,438,814.42 encumbered against outstanding orders. During the period from November 26, 1945 to December 31, 1947, payments in Canada by Czechoslovakia under the credit program totalled \$12,061,658.32. Credit funds advanced during this period amounted to \$12,067,982.55. A breakdown by commodity groups of payments made under the total program to December 31, 1947, is shown in Appendix III (b).

(d) France

The agreement entered into with the Government of France on April 9, 1946 and supplementary arrangements, as described in the report for the preceding fiscal year, provided that the credit would be used to finance in part, during the period from July 19, 1945, to July 1, 1947, a program of purchases submitted by the French Supply Council. This program was prepared by the Government of France, having in mind those supplies most urgently required by France in the post-war period and the ability of Canada to meet their requirements, and was subject to modification from time to time by mutual agreement. Considerable delays

were encountered by the French; however, in obtaining deliveries in Canada and substantial payments remained yet to be made against commitments outstanding under this program at June 30, 1947. At the request of the Government of France and under the authority of Order in Council P.C. 3394 dated August 20, 1947, a supplementary agreement of the same date was signed making available for a further one-year period, that is, to June 30, 1948, that portion of the original credit which had not been advanced to France before June 30, 1947, and making a corresponding extension of one year in the date of the delivery to Canada of bonds representing the debt incurred by France over the whole period of the credit, and in the maturity dates of the bonds. The agreement also included an appropriate modification in the payments clause in accordance with the special payments arrangements described in Section 2(e) of this report. Copy of Order in Council P.C. 3394, of this supplementary financial agreement, and of an exchange of letters, dated August 20, 1947, between the Minister of Finance and the French Ambassador in connection with this supplementary agreement are included in Appendix IV (a).

At March 31, 1947, total advances made under the agreement with the Government of France amounted to \$206,345,000. These funds have been used to finance not more than 80% of the purchases made under the program related to the financial agreement. The Government of France reports that payments against the program of purchases, (including cash purchases made by the French during the period from April 25, 1945 to July 19, 1945,) amounted to approximately \$283,514,000 at December 31, 1947, and includes payments totalling approximately \$14,000,000, made by private French importers directly to Canadian suppliers. During this period payments from credit funds totalled \$198,435,000. A breakdown by commodity groups of the total payments made under this program to December 31, 1947, is shown in Appendix IV (b).

(e) Netherlands

As mentioned in the report of the last fiscal year, a supplementary agreement was entered into with the Government of the Netherlands on May 20, 1947, under the authority of Order in Council P.C. 1951 of the same date. This agreement extended until April 30, 1948, the period during which the credit provided under the principal agreement might be drawn upon, and deferred until the same date the consolidation of the amounts advanced under the agreements together with accrued interest and the delivery of bonds representing this consolidated debt. This extension by one year of the period during which the credit might be used was made at the request of the Government of the Netherlands because of the shortage of supplies in Canada of commodities most urgently required by them. An appropriate modification, similar to that mentioned in the case of several other countries, was also made in the repayments clause under this supplementary agreement. A copy of the supplementary agreement and of the Order in Council P.C. 1951 are included in Appendix V (a).

The net expenditure financed by interim advances under authority of section 3 of the War Expenditure and Demobilization and Appropriation Acts, and which were outstanding at March 31, 1947, in connection with purchases made through the Canadian Department of Reconstruction and Supply, were fully repaid by the Government of the Netherlands during the year under report.

The credit funds advanced under the agreements with the Government of the Netherlands amounted at March 31, 1948, to \$104,839,812.62. At that time the additional net amounts specially encumbered against outstanding orders amounted to \$21,302.92.

During the period from the date of the first agreement on May 1, 1945, to December 31, 1947, total payments reported by the Government of the Netherlands against the program of purchases being financed under credit arrangements amounted to \$17,668,616.25, of which \$19,304,681.04 represents purchases made through private trade channels, the balance being purchases made by Netherlands Government agencies. During the same period credit funds utilized by the Government of the Netherlands amounted to \$104,638,131.37, the balance of the purchases being financed from the Canadian dollar proceeds of the sale to Canada of convertible foreign exchange in the manner agreed upon, totalling approximately \$12,000,000, and from other Canadian dollar receipts of the Netherlands. A breakdown by commodity groups of the total payments made under this program to December 31, 1947, is shown in Appendix V (b).

(f) Netherlands Indies

As mentioned in the report of the last fiscal year, the Canadian Government, in view of the political and constitutional changes taking place in the Netherlands Indies, asked the Government of the Netherlands itself to guarantee the obligations to Canada under the agreement between Canada and the Bank for the Netherlands Indies. The Netherlands Government agreed to give its guarantee and for this purpose Bill No. H.266 of July 25, 1947, was introduced and passed by the Netherlands Parliament. In a note No. 3079, dated August 29, 1947, to the Secretary of State for External Affairs, the Netherlands Ambassador advised the Government of Canada that the Netherlands Government had undertaken to guarantee the obligations of the Bank for the Netherlands Indies to the Canadian Government under the financial agreement. A copy of this letter notifying the Canadian Government of the guarantee by the Netherlands Government is included in Appendix VI (a).

The original agreement on October 9, 1945, with the Bank for the Netherlands Indies provided that credit funds would be made available to the Bank over a period of two years for the purpose of financing the purchase of Canadian goods by the Netherlands Indies Government. Because of difficulties in obtaining commodities most required in Canada and the delay in the use of the credit consequent upon the request for the guarantee by the Netherlands Government, it was requested that the operations of the agreement be extended for a further one-year period. It was further asked that the funds be made available to make payments for Canadian services as well as for Canadian-produced goods and that the funds might be made available to private Netherlands Indies importers to finance purchases in Canada. These changes were incorporated in a supplementary agreement dated October 8, 1947, with the Bank for the Netherlands Indies, under authority of Order in Council P.C. 4087 dated October 7, 1947. Accordingly,

the period during which the balance of the credit funds made available under the principal agreement might be requisitioned by the Bank for the Netherlands Indies was extended to October 8, 1948, and the date of the consolidation of the advances under the agreements and the delivery of bonds in evidence of this obligation were also deferred for one year. The supplementary agreement also incorporated an amendment to bring the clause relating to repayments under the agreement more up to date and in line with present Canadian foreign exchange regulations concerning payments between Canada and "special arrangement" countries. In note No. 3765, dated November 3, 1947, to the Secretary of State for External Affairs, the Canadian Government was advised that the guarantees of the Netherlands Government and the Government of the Netherlands Indies were extended to include the obligations of the Bank for the Netherlands Indies to Canada under this supplementary agreement. A copy of Order in Council P.C. 4037, of the supplementary agreement, and of the notice of Guarantee are included in Appendix VI (b).

Total credit funds advanced to March 31, 1948, under the agreements with the Bank for the Netherlands Indies amounted to \$11,600,000. During the period from October 9, 1945 to December 31, 1947, total reported payments made by the Government of the Netherlands Indies in Canada under the program being partially financed by credit funds amounted to \$11,332,411. Of this amount \$9,000,000 was financed from credit funds advanced during this period and the balance from Canadian dollar proceeds of the sale to Canada of foreign exchange in accordance with arrangements related to the agreements. Reports on the use made of the advance of \$1,000,000 during the latter part of the year for use by Netherlands Indies private importers have not yet been provided in full detail. A breakdown by commodity groups of the total payments made by the Government of the Netherlands Indies is shown in Appendix VI (c).

(g) Norway

Under authority of P.C. 4529 dated November 7, 1947, a supplementary agreement was entered into with the Government of Norway on November 10, 1947. This agreement made available for use until June 24, 1948, the balance of the credit funds which had not been requisitioned and drawn before June 25, 1947, as required under the principal agreement. Provision was made for the consolidation of the advances made during this extended period together with accrued interest and for the delivery of bonds representing this consolidated debt at June 25, 1948, the bonds bearing the same interest and with the same maturity dates as provided under the principal agreement.

In extending the period during which the Government of Norway might draw upon the balance of the credit originally made available to them, the same factors considered at the time of extending the Belgian credit were reviewed and it was agreed that at least one-half of the purchases made by Norway during the year commencing June 25, 1947, would be financed in cash with Canadian dollars acquired by the sale to Canada of convertible foreign

exchange. This arrangement was set forth in a letter dated November 10, 1947, from the Minister of Finance to the Minister for Norway.

The supplementary agreement amended also the repayment clause of the agreement to bring its provisions more up to date and in line with present Canadian foreign exchange control regulations regarding payments between Canada and "special arrangement" countries. Copy of Order in Council P.C. 4529, of the supplementary agreement, and of the letter from the Minister of Finance are included in Appendix VII (a).

In accordance with the terms of the agreement with the Government of Norway, the principal amounts of advances made during the year from June 25, 1946 to June 24, 1947, and interest at the rate of $2\frac{3}{4}\%$ per annum on each amount from the date it was paid into the account of the Government of Norway with the Bank of Canada to June 25, 1947, was consolidated into one amount. Total advances made during this period amounted to \$8,855,000 and interest accruals to June 25, 1947, amounted to \$150,475.10, making a total consolidated debt of \$9,035,475.10. The Government of Norway delivered to the Minister of Finance nine bonds, the aggregate principal amount of which totalled \$9,035,475.10. These bonds bear interest at $2\frac{3}{4}\%$ per annum, payable semi-annually, and mature serially over a period of nine years, the first falling due on June 25, 1951. Interest payments during the fiscal year by the Government of Norway on bonds issued in connection with the consolidated debt at June 25, 1946, amounted to \$278,393.96 and interest on bonds issued in respect of the consolidated debt at June 25, 1947, amounted to \$128,322.31.

Total credit funds drawn by the Government of Norway to March 31, 1948, under these agreements amounted to \$20,062,000. During the period from the date of the first agreement on June 25, 1945 to December 31, 1947, total reported payments in Canada by the Government of Norway against purchases being financed in part from credit funds amounted to \$31,183,008.60. Credit funds advanced during this period amounted to \$19,962,000. The balance of the program was financed from the Canadian dollar proceeds of the sale to Canada of convertible foreign exchange, in amounts totalling \$4,125,200 during this period, and from other Canadian dollar resources of the Government of Norway. A breakdown by commodity groups of total payments made to December 31, 1947, are shown in Appendix VII (b).

(h) U.S.S.R.

No further advances were made during the fiscal year under the \$3,000,000 credit made available in 1945 to the Government of the U.S.S.R. Total advances under this agreement at the end of the last fiscal year amounted to \$2,866,098.69.

Semi-annual interest payments totalling \$57,321.98 were paid on August 31, 1947, and February 29, 1948, in accordance with the terms of the agreement.

(1) Summary--Payments made for Canadian Goods and Services from the time Credits were made Available to December 31, 1947, as reported under credit arrangements.

Table IV summarizes, from information provided by various governments, payments made for Canadian goods and services under the programs being partially financed from credits made available under this legislation. The figures shown for each country represent the approximate payments made within these programs, by commodity groups, from the time the credit arrangements went into effect to December 31, 1947. Total payments by all countries during these periods amounted to approximately \$620.6 million. During the same period, credit funds advanced under this legislation and used to finance part of these programs amounted to approximately \$447.6 million, the balance being financed by the countries from their own cash resources.

Under the arrangements related to the credit agreements with several countries, which have been described in this and previous reports, it was agreed that, in addition to the use of credit funds, at least a portion of their program of purchases in Canada would be paid for with cash, an agreed proportion of which was to be financed from the Canadian dollar proceeds of current sales to Canada of gold or convertible foreign exchange. Accordingly, the payments made under these programs and reported by the borrowing governments include, in most cases, purchases made from both credit and cash resources, in the proportions indicated in the table. The cash resources utilized under these programs include Canadian dollar proceeds of current sales to Canada of gold or convertible foreign exchange in the proportions agreed upon and in some cases also include other Canadian dollar resources available to the countries concerned, such as receipts for exports and other services rendered to Canada, Canadian dollar balances held at the end of the war and balances acquired in post-war settlements with Canada in connection with services rendered to Canadian armed forces during and since the war.

Table IV also shows for purposes of comparison total exports and imports with the countries concerned during the three-year periods 1945-47 and 1936-38. It should be noted, however, that no accurate comparison can be made between the total exports to any one country and payments made against the programs being financed under credit arrangements, since the latter includes progress payments on goods on order but not yet delivered and payments for inland and ocean freight and other Canadian services which are not included in the export figures.

4. OPERATIONS UNDER THE GUARANTEE PROVISIONS

No new guarantee commitments were entered into under Part II of the Act during the year under report. The only guarantee in operation was the arrangement outlined in the report of the last fiscal year, under which the Minister of Finance undertook to give guarantees on behalf of the Canadian Government to a group of Canadian banks in respect of credits provided by them to the Ming Sung Industrial Company, Ltd., a Chinese Corporation, to enable that company to purchase specially designed ships and other equipment and services in Canada for use in its shipping operations on the Yangtze

River. The Chinese Government guaranteed the obligations of the company and requested the Government of Canada to do so as well, indemnifying the Canadian Government against loss under its guarantee as the Act requires.

The total credits made available by the banks are to finance not more than 85% of the program of purchases in Canada of ships and related equipment and services by the Ming Sung Industrial Company and is limited to a maximum of \$12,750,000.

At March 31, 1948, the Ming Sung Industrial Company had entered into commitments under which it was estimated total expenditures would amount to \$12,800,000, a maximum of 85% of which is to be financed from the credits established with the Canadian banks. Total credits established with the banks at the end of the fiscal year amounted to \$9,997,320 against which disbursements totalling \$6,106,850.87 had been made. The contingent liability of the Government of China and of the Government of Canada under their guarantees amounted therefore at that time to \$6,106,850.87. In addition to the expenditures made from credit funds, the Ming Sung Industrial Company had put up in cash and had expended against their program approximately \$1,920,000, representing 15% of total commitments made under the program at that time.

ADVANCES TO FOREIGN GOVERNMENTS UNDER THE EXPORT CREDITS
INSURANCE ACT, BY MONTHS TO MARCH 31, 1948

[illegible]

Statement of Direct Credits Authorized and Loans Outstanding at March 31, 1948, under
The Export Credits Insurance Act

TABLE II

Country	Total Credit Authorized	Total Credit Advanced to March 31, 1948	Date of Consolidation	Bonds Issued			Repayments to March 31, 1948	Total Loans Outstanding at March 31, 1948	Interest Payments made to March 31, 1948
				Advances Covered By Bonds	Accrued Interest to date of Consolidation	Total Principal of Bonds			
Belgium	100,000,000.00	67,000,000.00	June 30, 1946 June 30, 1947 Dec. 31, 1948	41,000,000.00 22,000,000.00 63,000,000.00	459,698.62 248,054.80 707,753.42	41,459,698.62 22,248,054.80 63,707,753.42	1,531,698.62 730,054.80 2,111,753.42	40,078,000.00 21,518,000.00 4,000,000.00(1) 65,596,000.00	1,844,960.96 322,770.00 2,167,730.96
China	60,000,000.00	39,542,147.46	Dec. 31, 1947 Dec. 31, 1948	32,640,088.29	883,320.62	33,523,408.91	-	33,523,408.91 6,902,059.17(1) 40,425,468.08	-
Czechoslo- vakia	19,000,000.00	15,175,550.11	Nov. 27, 1947 Dec. 31, 1948	11,303,093.61	222,631.82	11,525,725.43	-	11,525,725.43 3,872,456.50(1) 15,398,181.93	27,630.16
France	242,500,000.00	206,345,000.00	June 30, 1948	-	-	-	-	206,345,000.00(1)	-
Netherlands	125,000,000.00	104,839,812.62	April 30, 1948	-	-	-	-	104,839,812.62(1)	-
Netherlands Indies	15,000,000.00	11,600,000.00	Oct. 9, 1948	-	-	-	-	11,600,000.00(1)	-
Norway	30,000,000.00	20,062,000.00	June 25, 1946 June 25, 1947 June 25, 1948	9,971,000.00 8,885,000.00 18,856,000.00	152,416.67 150,475.10 302,891.77	10,123,416.67 9,035,475.10 19,158,891.77	- - 19,158,891.77	10,123,416.67 9,035,475.10 1,206,000.00(1) 20,364,891.77	422,167.28 128,322.31 550,489.59
U.S.S.R.	3,000,000.00	2,866,098.69		-	-	-	-	2,866,098.69	137,544.43
	594,500,000.00	467,430,608.88		125,799,181.90	2,116,597.63	127,915,779.53	2,111,753.42	467,435,435.09	2,883,395.14

(1) Total advances since previous consolidation (if any) up to March 31, 1948, which together with advances after March 31, 1948, and appropriate interest accruals will constitute next consolidation on date indicated.

TABLE III

Canadian Imports and Exports Compared with Advances under Export Credits, by Countries

Fiscal Years 1945-46, 1946-47 and 1947-48
(\$ millions)

Country	Average 1937-39 (Fiscal years)			1945 - 46			1946 - 47			1947 - 48		
	Imports	Exports		Imports	Exports	Credit Advanced	Imports	Exports	Credit Advanced	Imports	Exports	Credit Advanced
Belgium (& Belgium Congo)	6.8	16.1		2.7	53.2	25.0	4.9	54.0	26.0	11.9	56.2	16.0
China	3.8	3.8		.4	11.9	--	2.6	48.9	19.5	2.2	33.4	20.0
Czechoslovakia	2.5	2.0		.0	8.8	3.2	1.8	9.6	1.7	3.6	17.4	10.3
France (& Territories)	6.5	10.4		1.3	105.1	82.0(1)	6.7	80.8	74.4(1)	8.7	86.4	49.9
Netherlands	3.8	11.4		.7	53.0	40.5(1)	3.0	43.3	35.8(1)	3.9	53.0	28.5
Netherlands East Indies	.9	.8		.0	3.0	1.8	.1	6.4	3.9	.2	5.8	5.9
Norway	.7	7.1		.6	13.6	9.5	1.4	18.1	8.7	4.6	20.9	1.9
U.S.S.R.	.4	.5		2.2	58.2	2.8	.7	7.6	.1	.1	2.0	-
Total - Export Credit Countries(2)	25.0	52.0		7.8	306.8	164.8	21.2	268.6	170.0	35.2	275.1	132.6
Total - All Countries	709.7	1,019.5		1,586.1	2,970.9	164.8	2,165.9	2,388.7	810.0(3)	2,599.5	2,819.8	500.6(3)

(1) The figures shown for 1945-46 include amounts, in the case of France \$82 million and in the case of the Netherlands \$15.4 million, representing expenditures incurred on behalf of these countries under Section 3 of the War Expenditure and Demobilization Appropriation Act No. 2, 1945, and paid by these countries out of credit funds during the following year, and the figures for 1946-47 do not include the amounts paid to cover these expenditures incurred in the previous year.

(2) Due to rounding off, the columns may not add to the totals shown.

(3) Includes credits advanced under the United Kingdom Financial Agreement Act, 1946.

TABLE IV

Payments for Canadian Goods and Services Reported under Export Credit Arrangements, (1) by Countries

Payments made during the Calendar Years 1945, 1946 and 1947

Comparison with Total Trade during the periods 1945 - 47 and 1935 - 39

(\$ millions)

Commodity or Commodity Groups	Belgium and Belgium Congo		France and French Territories		Netherlands Indies		East Indies		Norway U.S.S.R.		Total Countries	
	Belgium	Congo	France	Territories	Netherlands	Indies	Indies	Indies	Norway	U.S.S.R.	Total	Countries
Wheat, wheat flour, other grains	39.2	15.3	4.2	83.4	44.4	.1	21.1	-	206.2	-	206.2	19.3
Fresh and Canned Meats	10.3	.6	-	5.6	3.4	-	-	-	1.4	-	1.4	2.3
Canned Fish	1.1	1.1	-	.5	.2	-	-	-	2.6	-	2.6	3.5
Hides, Skins, Leather & Products	1.1	-	.4	4.2	1.6	.1	-	-	-	-	-	21.6
Rubber and Products	2.2	-	.1	.3	.6	-	-	-	-	-	-	1.5
Lumber and Products	.5	4.5	-	5.7	10.9	-	-	-	-	-	-	59.0
Rip and Plywood	-	.3	-	1.0	.2	-	-	-	-	-	-	64.6
Paper and Products	.4	1.3	-	1.6	1.6	-	-	-	-	-	-	39.3
Iron, Steel and general products	.3	-	.1	3.3	2.9	-	-	-	-	-	-	96.5
Automotive and Railway Equipment	6.9	-	-	38.2	10.9	6.6	3.6	-	-	-	-	5.2
Automotive and Railway Equipment (general)	34.7	.2	-	2.8	.6	-	-	-	-	-	-	39.3
Machinery and Parts (general)	-	2.9	-	-	-	2.4	-	-	-	-	-	4.0
Aircraft	3.5	3.5	5.0	36.1	9.4	1.0	-	-	2.9	-	-	1.5
Non-Ferrous Metals	.1	.1	-	.5	.4	-	-	-	-	-	-	4.9
Electrical Equipment and Batteries	-	1.5	-	-	-	-	-	-	-	-	-	-
Coal	-	-	-	3.7	.4	-	-	-	-	-	-	-
Asbestos	.8	-	-	-	-	-	-	-	-	-	-	-
Chemicals, Drugs, Pear aceticals (including fertilizers)	.3	1.2	.4	10.1	4.7	.3	.1	-	17.1	-	17.1	85.2
Miscellaneous Commodities, Freight and other services not included above	15.9	8.4	1.6	31.8	23.6	.8	2.7	-	-	-	-	620.6
TOTAL	118.6	47.2	12.1	283.5	117.7	11.3	27.5	2.9	-	-	-	447.6
Financed from Credit Advances	57.0	32.6	12.1	198.4	104.6	10.0	20.0	2.9	-	-	-	172.0
Financed from Cash (%)	31.6	14.6	-	85.1	13.1	1.3	7.5	-	-	-	-	-
Total Payments Reported under Credit Arrangements 1945-47	118.6	47.2	12.1	283.5	117.7	11.3	27.5	2.9	-	-	-	620.6
Total Trade : Exports	154.4	86.5	20.4	270.3	123.8	13.5	47.4	81.4	-	-	-	826.7
: Imports	16.7	4.9	4.6	15.0	6.4	.3	6.5	3.4	-	-	-	57.9
Total Trade : Exports	49.3	11.8	4.2	31.3	34.7	2.3	20.7	1.4	-	-	-	156.0
: Imports	20.2	10.7	7.7	19.9	11.6	2.6	2.2	1.0	-	-	-	75.7

(1) Under arrangements relating to the credit agreements with several countries, it was agreed that, in addition to the use of credit funds, at least a certain portion of their requirements in Canada would be financed with cash from the proceeds of current sales to Canada of gold or foreign exchange convertible into gold. The payments reported by these countries and summarized in the above statement represent total payments made under this program both from credit and cash funds. The figures indicating the total portion financed from cash includes both payments made from the proceeds of the sale of gold or convertible foreign exchange in the proportion agreed upon and payments made from other Canadian dollar resources. (See Section 3(4) of this report.)

APPENDICES

Appendix I (Belgium)

- (a) Order in Council P.C. 4321, dated October 24, 1947.
Supplementary Agreement, dated October 24, 1947.
Letter from the Minister of Finance to the
Ambassador of Belgium.
- (b) Payments for Canadian Goods and Services during
the Period October 25, 1945 to December 31, 1947,
Reported by the Government of Belgium under
Credit Arrangements.

Appendix II (China)

- (a) Order in Council P.C. 282, dated January 30, 1947.
Order in Council P.C. 1643, dated April 29, 1947.
Supplementary Agreement, dated May 28, 1947.
- (b) Payments for Canadian Goods and Services during
the Period February 7, 1946 to December 31, 1947,
Reported by the Government of China under
Credit Arrangements.

Appendix III (Czechoslovakia)

- (a) Order in Council P.C. 4856, dated November 26, 1947.
Supplementary Agreement, dated November 26, 1947.
Letter from the Minister of Finance to the Minister
for Czechoslovakia.
Letter from the Minister for Czechoslovakia to the
Minister of Finance.
- (b) Payments for Canadian Goods and Services during
the Period November 26, 1945 to December 31, 1947,
Reported by the Government of Czechoslovakia under
Credit Arrangements.

Appendix IV (France)

- (a) Order in Council P.C. 3394, dated August 20, 1947.
Supplementary Agreement, dated August 20, 1947.
Letter from the Minister of Finance to the
French Ambassador.
Letter from the French Ambassador to the Minister
of Finance.
- (b) Payments for Canadian Goods and Services during
the Period April 25, 1945 to December 31, 1947,
Reported by the Government of France under
Credit Arrangements.

Appendix V (Netherlands)

- (a) Order in Council P.C. 1951, dated May 20, 1947.
Supplementary Agreement, dated May 20, 1947.
- (b) Payments for Canadian Goods and Services during
the Period May 1, 1945 to December 31, 1947,
Reported by the Government of the Netherlands
under Credit Arrangements.

Appendix VI (Netherlands Indies)

- (a) Guarantee by the Netherlands Government--Note No. 3079, dated August 29, 1947.
- (b) Order in Council P.C. 4087, dated October 7, 1947. Supplementary Agreement, dated October 8, 1947. Guarantee of the Netherlands and Netherlands Indies Governments--Note No. 3765, dated November 3, 1947.
- (c) Payments for Canadian Goods and Services during the Period October 9, 1945 to December 31, 1947, Reported by the Government of the Netherlands Indies under Credit Arrangements.

Appendix VII (Norway)

- (a) Order in Council P.C. 4529, dated November 7, 1947. Supplementary Agreement, dated November 10, 1947. Letter from the Minister of Finance to the Minister for Norway.
- (b) Payments for Canadian Goods and Services during the Period June 25, 1945 to December 31, 1947, Reported by the Government of Norway under Credit Arrangements.

APPENDIX I
(Belgium)

- (a) Order in Council P.C. 4321, dated October 24, 1947.
Supplementary Agreement, dated October 24, 1947.
Letter from the Minister of Finance to the
Ambassador of Belgium.
- (b) Payments for Canadian Goods and Services during
the Period October 25, 1945 to December 31, 1947,
Reported by the Government of Belgium under
Credit Arrangements.

AT THE GOVERNMENT HOUSE AT OTTAWA

FRIDAY, the 24th day of OCTOBER, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

P.C.6378,
25-10-45

WHEREAS under the authority of The Export Credits Insurance Act a financial agreement dated October 25, 1945, as amended on May 2, 1946, was entered into between the Government of Canada and the Government of Belgium under which the Government of Canada agreed to lend to the Government of Belgium amounts not exceeding in the aggregate \$100,000,000;

AND WHEREAS the said agreement provides that any portion of the \$100,000,000 which has not been requisitioned on or before June 30, 1947, shall lapse unless the two governments otherwise agree;

AND WHEREAS an amount of \$37,000,000 was not requisitioned on or before June 30, 1947, and therefore lapsed;

AND WHEREAS it has been requested by the Government of Belgium, and it is deemed to be in the interest of both Canada and Belgium, to enter into an agreement supplementary to the said agreement to provide:

- (a) that the amount of \$37,000,000 which had not been requisitioned on or before June 30, 1947, shall again be made available to the Government of Belgium and may be requisitioned by the Government of Belgium on or before December 31, 1948, and to make consequential arrangements for the consolidation of the debt incurred during this extended period and for the delivery of bonds in evidence of the consolidated obligations;
- (b) that payments made by the Government of Belgium under the said financial agreement and supplementary agreement or under bonds issued pursuant thereto, during a period when Canadian Foreign Exchange Control Laws and Regulations permit Canadian exports to Belgium to be paid for in Canadian dollars derived from specified or restricted sources, may be made in Canadian dollars derived from the same specified or restricted sources.

THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Acting Minister of Trade and Commerce, and under the provisions of The Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to enter into a supplementary agreement with the Government of Belgium to provide for the matters aforesaid.

(sgd) A. D. P. Heeney,

Clerk of the Privy Council.

SUPPLEMENTARY FINANCIAL AGREEMENT BETWEEN THE GOVERNMENT OF
CANADA AND THE GOVERNMENT OF BELGIUM

AGREEMENT ENTERED INTO THIS 24TH DAY OF OCTOBER, 1947

BETWEEN:

THE MINISTER OF FINANCE OF CANADA
hereinafter referred to as "the
Minister"

OF THE FIRST PART

AND

THE GOVERNMENT OF BELGIUM
represented by its Ambassador
Extraordinary and Plenipotentiary
to Canada, His Excellency
A. Paternotte de la Vaillee

OF THE SECOND PART

WHEREAS by an Agreement dated October 25, 1945, as amended on May 2, 1946, which is later referred to in this Agreement as the "Principal Agreement", the Government of Canada agreed to lend amounts not exceeding \$100,000,000 to the Government of Belgium to finance in part a program of purchases being made by Belgium in Canada, such amounts to be advanced from time to time as requisitioned by the Government of Belgium and any amounts thereof not so requisitioned on or before June 30, 1947, to lapse and be no longer payable unless otherwise agreed; and

WHEREAS an amount of \$37,000,000 was not requisitioned on or before June 30, 1947, and therefore lapsed; and

WHEREAS it has been requested by the Government of Belgium and it is in the interests of both Canada and Belgium that the said amount of \$37,000,000 should again be made available for borrowing by the Government of Belgium on or before December 31, 1948; and

WHEREAS by Order in Council P.C. 4521 dated October 24, 1947, the Minister has been duly authorized under The Export Credits Insurance Act to make the loans hereinafter referred to, on behalf of the Government of Canada; and

WHEREAS the Ambassador of Belgium to Canada, His Excellency A. Paternotte de la Vaillee, has been duly authorized by the Government of Belgium to execute this Agreement on behalf of the Government of Belgium.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto covenant and agree with each other as follows:-

1. In this Agreement the terms "exporters", "Canadian-produced goods", "cost of Canadian-produced goods" and "Canadian Services" have the meaning assigned to them by The Export Credits Insurance Act of Canada or any regulations made thereunder.

2. Subject to the terms and conditions of this Agreement, the Minister, on behalf of the Government of Canada agrees to lend to the Government of Belgium such amounts not exceeding \$37,000,000, Canadian, as may from time to time be requisitioned from the Minister by the Government of Belgium.

3. The Minister will pay amounts requisitioned under paragraph 2 of this Agreement into the account of the National Bank of Belgium with the Bank of Canada, for the credit of the Government of Belgium.

4. The Government of Belgium agrees that any monies received by it by way of loan as herein provided will be used by it or by persons ordinarily resident in Belgium to whom it transfers any of such monies only for the purpose of paying the cost of Canadian services or Canadian-produced goods purchased from exporters and exported or to be exported to Belgium, the Grand Duchy of Luxembourg or

the Belgian Congo.

5. The Government of Belgium agrees to pay interest at the rate of three (3) per centum per annum on each amount paid by the Minister into the said special account from the date when it is paid into that account until the day in respect of which bonds for the consolidated amount thereof are issued in accordance with paragraph 6 of this Agreement or of payment, whichever is earlier.

6. The Government of Belgium agrees that the amounts paid by the Minister into the account of the National Bank of Belgium for the credit of the Government of Belgium, pursuant to this Agreement, and interest thereon as provided in paragraph 5 of this Agreement, shall, subject to any repayment made as provided in paragraph 10 of this Agreement, be consolidated into one amount called the consolidated debt on December 31, 1948, and the Government of Belgium shall thereupon deliver to the Minister bonds in respect of the amount of the consolidated debt owing on December 31, 1948, of a face value equal thereto, which bonds shall constitute valid, binding, absolute, and unconditional obligations of the Government of Belgium, shall bear interest from December 31, 1948, at the rate of three (3) per centum per annum payable semi-annually on the 30th day of June and the 31st day of December, and shall mature serially in twenty-eight equal annual amounts of principal payable on June 30, 1949, and on June 30 in each year thereafter up to and including the year 1976.

7. Any portion of the credit of \$37,000,000, Canadian, which has not been requisitioned by the Government of Belgium in accordance with paragraph 2 of this Agreement on or before December 31, 1948, shall lapse and be no longer payable by the Minister.

8. It is mutually agreed by the parties hereto that if the Government of Belgium fails to acknowledge the consolidated debt at the time referred to in paragraph 6 of this Agreement, or fails to redeem any of the bonds on maturity, the whole amount of the loan shall thereupon become due and payable.

9. It is mutually agreed by the parties hereto that payments by the Government of Belgium under this Agreement and under bonds issued pursuant thereto shall be in Canadian dollars or fine gold at the option of the Government of Belgium. The value of fine gold shall be calculated on the basis of the buying price for gold of the Canadian Foreign Exchange Control Board (or successor agency) on the day of its delivery. During such period as foreign exchange regulations in Canada require that exports from Canada to Belgium shall be paid for in Canadian dollars from certain specified or restricted sources or in a specified foreign currency, then any Canadian dollars used by the Government of Belgium to effect payments under this Agreement may be obtained by the Government of Belgium from such specified or restricted sources or shall be obtained through the sale of such specified foreign currency to an authorized dealer of the Foreign Exchange Control Board (or successor agency) at the published official buying rate, or in such other manner as may be mutually agreed upon by the Government of Belgium and the Minister.

10. The Minister agrees that the Government of Belgium shall have the right to repay any amount required to be consolidated under this Agreement, or any part thereof, before the consolidation thereof, with interest to the day of payment or to redeem any or all of the bonds prior to their maturity at par plus accrued interest if in either case the Government of Belgium makes payment in fine gold or in Canadian dollars acquired in the manner provided by Paragraph 9 of this Agreement.

WITNESS: (sgd) D. A. Bentley

(sgd) D. C. Abbott
Minister of Finance of Canada

(sgd) L. Couvreur

(sgd) A. Paternotte de la Vaillee
For the Government of Belgium

Ottawa, October 24th, 1947.

His Excellency A. Paternotte de la Vaillee,
Ambassador of Belgium to Canada,
395 Laurier Avenue East,
Ottawa, Ontario.

Dear Sir,

In signing with you today a supplementary financial agreement under The Export Credits Insurance Act for the provision of a credit to the Government of Belgium not to exceed \$37,000,000, representing the amount of the credit which had not been utilized under the Principal Agreement of October 25, 1945, as amended, I wish to place on record our understanding that it is the intention of the two governments that a certain portion of the Canadian dollar requirements of Belgium during the eighteen months' period from June 30, 1947, shall be covered by the purchase from Canada of Canadian dollars against gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of Belgium, through the National Bank of Belgium, will at the end of each quarter year or, at the option of the Government of Belgium, at the time each advance of the credit is made, acquire Canadian dollars by the sale to the Bank of Canada, or a Canadian chartered bank acting as an authorized dealer of the Canadian Foreign Exchange Control Board, of gold or foreign exchange convertible into gold in an amount such that the total amount of Canadian dollars so acquired from June 30, 1947, up to the end of such quarter year shall be not less than the amount of the credit which has been utilized under the supplementary agreement up to that date. It is also understood that the Canadian dollars so acquired will be used to meet the current requirements of Belgium for goods and services in Canada.

I wish also to record that I am prepared to agree to the redemption of the bonds to be given in accordance with the agreement or of repayments, under paragraph 10 of the agreement, in the same manner agreed upon in respect of the Principal Agreement and set forth in the fourth paragraph of the letter dated October 25, 1945, from the Canadian Minister of Finance to you at the time of signing that Agreement.

I wish also to record our understanding that payments by the Government of Belgium under bonds issued pursuant to the Agreement dated October 25, 1945, as amended on May 2, 1946, may be made in like manner as provided for under Clause 9 of the supplementary agreement signed today.

Yours very truly,

(sgd) D. C. Abbott.

PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING THE PERIOD
OCTOBER 25, 1945 to DECEMBER 31, 1947, REPORTED BY THE
GOVERNMENT OF BELGIUM UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat, Wheat Flour, Other Grains	39,208,779
Seeds	30,338
Linseed Oil	996,979
Rubber and Products	1,084,675
Meat	10,287,690
Fish (canned)	117,517
Hides and Skins	928,542
Leather and Leather Products	561,069
Hair and Bristles	85,658
Textiles	2,220,707
Lumber and Products	481,630
Paper and Products	357,223
Iron, Steel and General Products	334,690
Automotive Equipment	6,851,807
Agricultural Machinery and Implements	799,162
Machinery and Parts	34,716,680
Non-ferrous Metals	3,459,380
Electrical Equipment, Batteries	106,612
Asbestos	814,216
Chemicals, Drugs and Pharmaceuticals	345,830
Freight, Commissions and Inspection Charges	9,645,118
Miscellaneous (including items subject to adjustment)	<u>5,117,994</u>
Total	<u><u>\$ 118,552,296</u></u>

APPENDIX II
(China)

- (a) Order in Council P.C. 282, dated January 30, 1947.
Order in Council P.C. 1643, dated April 29, 1947,
Supplementary Agreement, dated May 28, 1947.
- (b) Payments for Canadian Goods and Services during
the Period February 7, 1946 to December 31, 1947,
Reported by the Government of China under
Credit Arrangements.

AT THE GOVERNMENT HOUSE AT OTTAWA

THURSDAY, the 30th day of JANUARY, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS under the authority of the Export Credits Insurance Act, a financial agreement was signed between the Government of Canada and the Government of China in Ottawa on February 7, 1946, under which the Government of Canada agreed to lend to the Government of China amounts not exceeding in the aggregate \$60,000,000;

AND WHEREAS under the said agreement the Government of China agreed to expend moneys received by it under the said agreement solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods;

AND WHEREAS after the date of the said agreement, the Export Credits Insurance Act was amended to provide, inter alia, that the proceeds of a loan made under the said Act may be used to pay the cost of Canadian services;

AND WHEREAS the Government of China has requested that the proceeds of the loan granted under the said agreement may be used for the additional purpose set out in the preceding paragraph;

THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Minister of Finance, and the Minister of Trade and Commerce, and under the provisions of the Export Credits Insurance Act, is pleased to order and doth hereby order that moneys received by the Government of China by way of loan under the said agreement may, in addition to the purposes set out in the said agreement also be used to pay the cost of Canadian services.

His Excellency in Council is further pleased to authorize the Minister of Finance, upon such terms and conditions as he in consultation with the Minister of Trade and Commerce may approve, to enter into a supplementary agreement with the Government of China to give effect to the foregoing.

(Sgd.) A.D.P. Heeney

Clerk of the Privy Council.

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 29th day of APRIL, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

(P.C.378,
5-2-46) WHEREAS under the authority of the Export Credits Insurance Act a financial agreement was signed between the Government of Canada and the Government of China in Ottawa, on February 7, 1946, under which the Government of Canada agreed to lend to the Government of China amounts not exceeding in the aggregate \$60,000,000;

AND WHEREAS the said agreement provides that any portion of the said \$60,000,000 which has not been requisitioned by the Government of China, in accordance with the provisions of the said agreement, on or before the 31st day of December, 1947, shall lapse and be no longer payable by the Minister unless the parties to the agreement mutually agree otherwise;

AND WHEREAS the Government of China has represented that because of shortage of supplies available for purchase in Canada it will not be possible to expend the whole of the said amount before the said date for the purchase of most urgently required commodities and has accordingly requested that the period during which portions of the said \$60,000,000 may be requisitioned be extended until December 31, 1948;

THEREFORE His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, and under the provisions of the Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to enter into a supplementary agreement with the Government of China to provide that the period during which amounts to be lent under the financial agreement aforesaid may be requisitioned by the Government of China be extended to the 31st day of December, 1948 and to provide for such other variations in the terms of the said financial agreement as are necessary by reason of the extension of the said period.

(Sgd.) A. D. P. Heeney

Clerk of the Privy Council

1. In this agreement the term "Canadian services" has the meaning assigned to it by the Export Credits Insurance Act of Canada or any regulations made thereunder.
2. Notwithstanding anything contained in the Principal Agreement, it is mutually agreed that amounts that may be lent by the Minister to the Government of China thereunder as provided in clause two of the Principal Agreement, may be requisitioned by the Government of China to enable it to pay the cost of Canadian services in addition to the payment of the cost of Canadian-produced goods exported or to be exported from Canada to China, as provided in the said clause two, and the Government of China agrees to expend the moneys received by it by way of loans under the Principal Agreement and this agreement, solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods exported or to be exported from Canada or the cost of Canadian services in accordance with a program to be agreed upon from time to time by the Canadian Minister of Trade and Commerce and the Canadian Minister of Finance and by representatives of the Government of China designated by the Ambassador of China to Canada.
3. Pursuant to clause seven of the Principal Agreement, it is mutually agreed that any portion of the Sixty Million Dollars (\$60,000,000) Canadian referred to in clause two of the Principal Agreement which has not been requisitioned by the Government of China in accordance with the said clause two on or before December 31, 1947, may be requisitioned by the Government of China on or Before December 31, 1948, and the Minister will pay the amounts so requisitioned in the manner provided in the Principal Agreement in respect of amounts so requisitioned.
4. Without restricting the operation of clause six of the Principal Agreement, which shall have full operation in respect of amounts paid by the Minister into the account of the Government of China for the credit of the Chinese Government during the period therein mentioned, the Government of China agrees that amounts paid by the Minister into the account of the Government of China for the credit of the Chinese Government pursuant to the Principal Agreement and clause three of this agreement during the period commencing on January 1, 1948 and ending on December 31, 1948, inclusive, together with interest thereon as provided in clause five of the Principal Agreement, shall, at the end of the said period, be consolidated into one amount, called in this clause the consolidated debt, and the Government of China shall thereupon on December 31, 1948, pay one-thirtieth of the amount of the consolidated debt and deliver to the Minister bonds of a face value equal to the remainder of the consolidated debt, which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of China; the said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the 30th day of June and the 31st day of December, and shall mature serially in twenty-nine equal annual amounts of principal payable on the 31st day of December, 1949, and on the 31st day of December in each year thereafter up to and including the year 1977.
5. This agreement and the Principal Agreement shall be read and construed as one agreement and all provisions of the Principal Agreement not inconsistent with this agreement shall apply in respect of amounts lent under the Principal Agreement and this agreement.

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year first above mentioned.

WITNESS:

(Sgd) H. K. Chow

(Sgd) D. C. Abbott
MINISTER OF FINANCE OF CANADA

(Sgd) R. B. Bryce

(Sgd) Tien Pao -Sheng
FOR THE GOVERNMENT OF CHINA

PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING THE PERIOD
FEBRUARY 7, 1946 to DECEMBER 31, 1947, REPORTED BY THE
GOVERNMENT OF CHINA UNDER CREDIT ARRANGEMENTS

Commodity or Commodity Group

\$

\$

1. General

Wheat, Wheat Flour,			
Other Grains	9,835,600	1,807,500 ✓	
Lumber	2,691,850	4,999,420 ✓	
Pulp and Paper	50,750	174,650 ✓	
Railway Equipment	159,750	2,200,000 ✓	
Automotive Equipment	12,100	761,200 ✓	
Non-ferrous metals and products	2,490,250	191,200 ✓	
Electrical Appliances	38,650	257,720 ✓	
Fertilizer	988,650	118,760 + 817,450 ✓	
Coal	217,800	195,029 ✓	
Freight, Commissions, Insurance, etc.	1,832,350	442,050 ✓	
Miscellaneous	1,522,650	132,450 ✓	
		1840	
		428,110	
			2,747,300
			97,000
			291,000
			19,840,400

2. Special items of uncompleted Mutual Aid, surplus
equipment and used industrial equipment

Surplus Ships, conversion and related services	6,018,200		
Small Arms and Ammunition	3,540,000	50710	3,540,000
Aircraft	2,916,700	2,355,300 ✓	
Machinery	58,600		
Copper Wire	16,800		
Miscellaneous, Freight, Insurance, etc.	358,100	7100	12,908,400

3. Reported Purchases by Chinese
Private Importers

Wheat, Wheat Flour,	1561		
Other Grains	5,986,100		
Fish	589,600		
Other foods	52,750		
Rubber and Products	6,300		
Leather and Leather Goods	58,600		
Hair and Bristles	17,450		
Textiles	47,800		
Lumber	1,849,000		
Ships	1,061,300		
Pulp	238,000		
Paper and Products	1,280,700		
Iron, Steel and General Products	43,500		
Automotive Equipment	177,650		
Machinery	189,500		
Aluminum	525,300		
Other Non-ferrous Metals	467,500		
Electrical Appliances	34,950		
Chemicals, Drugs, and Pharmaceuticals	112,100		
Fertilizer	75,100		
Coal	1,259,600		
Miscellaneous	367,200		
			14,400,000

Total

\$47,148,800

APPENDIX III
(Czechoslovakia)

- (a) Order in Council P.C. 4856, dated November 26, 1947.
Supplementary Agreement, dated November 26, 1947.
Letter from the Minister of Finance to the Minister
for Czechoslovakia.
Letter from the Minister for Czechoslovakia to the
Minister of Finance.
- (b) Payments for Canadian Goods and Services during the
Period November 26, 1945 to December 31, 1947,
Reported by the Government of Czechoslovakia under
Credit Arrangements,

PRIVY COUNCIL
CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA

WEDNESDAY, the 26th day of NOVEMBER, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS under the authority of the Export Credits Insurance Act a financial agreement dated March 1, 1945, as amended by agreements dated June 26, (P.C.1353, 1945, and June 28, 1946 (hereinafter called the Principal 27-2-45) Agreement), was entered into between the Government of Canada and the Government of the Czechoslovak Republic under which the Government of Canada agreed to lend to the Government of the Czechoslovak Republic amounts not exceeding in the aggregate nineteen million dollars;

AND WHEREAS the Principal Agreement provides that the loan shall be requisitioned by the Government of the Czechoslovak Republic and paid by the Minister of Finance in amounts mutually agreed upon from time to time within a period of twenty-four months commencing on the date of the first payment thereunder, namely within the period from November 27, 1945, to November 26, 1947;

AND WHEREAS substantial delays have been encountered in obtaining deliveries in Canada under the program of purchases being financed by the credits provided under the Principal Agreement and consequently substantial payments under that program will be required subsequent to November 26, 1947;

AND WHEREAS the Government of the Czechoslovak Republic has requested the Government of Canada to enter into an agreement supplementary to the Principal Agreement;

AND WHEREAS it is deemed to be in the interest of both Canada and Czechoslovakia to enter into such a supplementary agreement to provide:

- (a) That the period of twenty-four months, commencing on November 27, 1945, during which amounts to be lent under the Principal Agreement may be requisitioned by the Czechoslovak Republic be extended until December 31, 1948, and that provision be made for the consolidation of the amounts advanced during the additional period and the issue of bonds in respect thereof, having the same dates of maturity and rate of interest as the bonds specified in the Principal Agreement;
- (b) That amounts to be lent as provided in the Principal Agreement may, in addition to the purposes set out in the Principal Agreement, also be used to pay the cost of Canadian services and to enable persons ordinarily resident in Czechoslovakia to pay the cost of Canadian-produced goods or the cost of Canadian services;

- (c) That the provisions of the Principal Agreement relating to "Schedule A" will not apply in respect of amounts to be lent after the coming into operation of the supplementary agreement and that amounts so lent may be expended for the purpose of making purchases in Canada in accordance with an agreed program;
- (d) That payments made by the Czechoslovak Republic under the Principal Agreement and supplementary agreement or under bond issue pursuant thereto, during the period when Canadian foreign exchange control laws and regulations permit Canadian exports to Czechoslovakia to be paid for in Canadian dollars derived from specified or restricted sources, may be made in Canadian dollars derived from the same specified or restricted sources.

THEREFORE His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce and under the provisions of the Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to enter into a supplementary agreement with the Government of the Czechoslovak Republic to provide for the matters aforesaid.

(sgd) A.D.P. Heeney

Clerk of the Privy Council.

SUPPLEMENTARY AGREEMENT ENTERED INTO THIS TWENTY-SIXTH DAY
OF NOVEMBER, 1947.

BETWEEN:

THE MINISTER OF FINANCE OF CANADA
hereinafter referred to as "the Minister"

OF THE FIRST PART

AND

THE GOVERNMENT OF THE CZECHOSLOVAK REPUBLIC
hereinafter referred to as the "Czechoslovak
Republic," represented by its Envoy Extraordinary
and Minister Plenipotentiary to Canada

OF THE SECOND PART

WHEREAS by an agreement, dated March 1, 1945, as amended
by agreements dated June 26, 1945, and June 28, 1946, (here-
inafter called the "Principal Agreement"), the Government of
Canada agreed to lend to the Czechoslovak Republic amounts
not exceeding nineteen million dollars (\$19,000,000) Canadian;

AND WHEREAS it is expedient to enter into an agreement
supplementary to the Principal Agreement to provide:-

- (a) that amounts to be lent as provided in the Principal
Agreement may, in addition to the purposes set out in the
Principal Agreement, also be used to pay the cost of
Canadian services and to enable persons ordinarily
resident in Czechoslovakia to pay the cost of Canadian-
produced goods or the cost of Canadian services;
- (b) that the period of 24 months, commencing November 27, 1945,
during which amounts to be lent under the Principal Agree-
ment may be requisitioned by the Czechoslovak Republic
be extended until December 31, 1948, and that provision be
made for the issue of bonds in respect of amounts advanced
during the additional period;
- (c) that the provisions of the Principal Agreement relating
to "Schedule A" will not apply in respect of amounts to
be lent after the coming into operation of this Supplemen-
tary Agreement and that amounts so lent may be expended
for the purpose of making purchases in Canada in accord-
ance with an agreed program;
- (d) that payments made by the Czechoslovak Republic under
the Principal Agreement and this agreement or under
bonds issued pursuant thereto, during a period when
Canadian foreign exchange control laws and regulations
permit Canadian exports to Czechoslovakia to be paid for
in Canadian dollars derived from specified or
restricted sources, may be made in Canadian dollars
derived from the same specified or restricted sources.

NOW THEREFORE this agreement witnesseth that the parties
hereto covenant and agree with each other as follows:-

1. In this agreement the terms "exporter", "Canadian-produced
goods", "the cost of Canadian-produced goods", and "Canadian
services" have the meaning assigned to them by the Export
Credits Insurance Act of Canada, or any regulation made
thereunder.
2. Notwithstanding anything contained in the Principal Agree-
ment, it is mutually agreed that amounts lent by the Minister
to the Czechoslovak Republic thereunder, as provided in clause
three of the Principal Agreement, may be requisitioned by the
Czechoslovak Republic to enable the Czechoslovak Republic or
any person ordinarily resident in Czechoslovakia to pay the
cost of Canadian-produced goods or the cost of Canadian ser-
vices, and the Czechoslovak Republic agrees that the moneys

received by it by way of loans under the Principal Agreement and this agreement and any such moneys made available by it to persons ordinarily resident in Czechoslovakia shall be used solely for the purpose of paying the cost of Canadian-produced goods exported or to be exported from Canada, or the cost of Canadian Services, in accordance with a program to be agreed upon from time to time by the Canadian Minister of Trade and Commerce and the Canadian Minister of Finance and by representatives of the Czechoslovak Republic designated by the Minister Plenipotentiary of the Czechoslovak Republic to Canada.

3. It is mutually agreed that any portion of the Nineteen Million Dollars (\$19,000,000), Canadian, referred to in the Principal Agreement, which has not been requisitioned by the Czechoslovak Republic under the Principal Agreement and this agreement on or before November 26, 1947, may be requisitioned by the Czechoslovak Republic on or before December 31, 1948, and the Minister will pay the amounts so requisitioned in the manner provided in the Principal Agreement in respect of amounts so requisitioned.

4. The Czechoslovak Republic agrees that on November 27, 1947, the total amount borrowed by it and paid by the Minister into the said special account pursuant to the Principal Agreement and this agreement during the period commencing on November 27, 1945, and ending on November 26, 1947 inclusive, and interest thereon as provided in paragraph four of the Principal Agreement, shall be consolidated into one amount called the consolidated debt at the end of the said period and the Czechoslovak Republic shall thereupon deliver to the Minister bonds of a face value equal to such consolidated debt which bonds shall constitute valid, binding, absolute and unconditional obligations of the Czechoslovak Republic. The bonds shall bear interest at the rate of two and one-half (2½) per cent per annum payable semi-annually on the first day of January and the first day of July, and shall be for the terms of three, four, five, six and seven years as follows:

20% of the consolidated debt shall be evidenced by three year bonds maturing at the end of five years from the date of the first payment by the Minister into the special account as provided for under clause 3 of the Principal Agreement;

20% of the consolidated debt shall be evidenced by four year bonds maturing at the end of six years from the date of the first payment by the Minister into the special account as provided for under clause three of the Principal Agreement;

20% of the consolidated debt shall be evidenced by five year bonds maturing at the end of seven years from the date of the first payment by the Minister into the special account as provided for under clause three of the Principal Agreement;

20% of the consolidated debt shall be evidenced by six year bonds maturing at the end of eight years from the date of the first payment by the Minister into the special account as provided for under clause three of the Principal Agreement;

20% of the consolidated debt shall be evidenced by seven year bonds maturing at the end of nine years from the date of the first payment by the Minister into the special account as provided for under clause three of the Principal Agreement;

5. The Czechoslovak Republic agrees that the amounts paid by the Minister into the account of the Czechoslovak Republic for the credit of the Czechoslovak Republic pursuant to the Principal Agreement and clause three of this agreement during the period commencing on November 27, 1947, and ending on December 31, 1948, inclusive, together with interest thereon as provided in clause four of the Principal Agreement, shall, at the end of the said period be consolidated into one amount, called in this clause the consolidated debt, and the Czechoslovak Republic shall thereupon deliver to the Minister bonds of a face value equal to the consolidated debt which bonds constitute valid, binding, absolute and unconditional obligations of the Czechoslovak Republic. The bonds shall bear interest at the rate of two and one-half ($2\frac{1}{2}$) per cent per annum payable semi-annually on the first day of July and the first day of January, and shall mature serially in five equal annual amounts of principal payable on the 27th day of November, 1950, and on the 27th day of November in each year thereafter up to and including the year 1954, with interest aforesaid thereon to the said days.

6. Payments made by the Czechoslovak Republic under the Principal Agreement and this agreement or under bonds issued pursuant thereto, during a period when Canadian foreign exchange control laws and regulations permit Canadian exports to Czechoslovakia to be paid for in Canadian dollars derived from specified or restricted sources, may be made in Canadian dollars derived from the same specified or restricted sources.

7. This agreement shall be read and construed as one with the Principal Agreement but clauses three, four, and five of this agreement shall have full effect notwithstanding anything contained in the Principal Agreement.

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year first above mentioned.

WITNESS:

(sgd) R. B. Bryce

(sgd) D. C. Abbott
MINISTER OF FINANCE OF CANADA

(sgd) Karel Bala

(sgd) Frantisek Nemec
FOR THE GOVERNMENT OF THE
CZECHOSLOVAK REPUBLIC

Ottawa, November 26, 1947.

His Excellency Frantisek Nemec,
Minister for Czechoslovakia in Canada,
171 Clemow Avenue,
Ottawa, Ont.

Dear Sir:-

In signing with you today an agreement supplementary to the financial agreement dated March 1, 1945, as amended, for the purpose of extending the period during which the balance of the credit made available under the original agreement may be used and to broaden the purposes for which that credit may be used, I wish to place on record our understanding regarding that portion of the purchases of Czechoslovakia in Canada which is to be financed from cash resources during this extended period.

It is the intention of our two governments that at least one-half of the payments made by Czechoslovakia for purchases in Canada during the year from November 27, 1947, to December 31, 1948, will be made from the proceeds of Canadian dollars acquired by the sale to Canada of gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of the Czechoslovak Republic will, during or at the end of each quarter of the year subsequent to November 27, 1947, acquire Canadian dollars by the sale to Canada of gold or foreign exchange convertible into gold in amounts such that the total Canadian dollars so acquired up to that date shall be equal to or greater than the total amount of credit funds which has been requisitioned by the Czechoslovak Government and paid into its account with the Bank of Canada from November 27, 1947, to the same date. The sale of such gold or foreign exchange convertible into gold will be effected through the Bank of Canada or a Canadian chartered bank acting as an authorized dealer of the Canadian Foreign Exchange Control Board.

It is further understood that the Canadian dollars acquired in the manner outlined in the preceding paragraph will be used, in addition to credit funds, to pay for Canadian-produced goods and Canadian services purchased in Canada by Czechoslovakia or residents of Czechoslovakia during this period.

Yours very truly,

(sgd) D. C. Abbott

B/D
No. 9710:47

REPUBLIKY CESHOSLOVENSKE
OTTAWA

November 26, 1947.

Dear Sir:

I am in receipt of your letter of November 26th concerning the understanding regarding that portion of the purchases of Czechoslovakia in Canada which are to be financed from cash resources during the extended period of the Financial Agreement between our two countries.

I wish to confirm for my part that it is the intention of our two Governments that at least one-half of the payments made by Czechoslovakia for purchases in Canada during the year from November 27, 1947, to December 31, 1948, will be made from the proceeds of Canadian dollars acquired by the sale to Canada of gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of the Czechoslovak Republic will, during or at the end of each quarter of the year subsequent to November 27, 1947, acquire Canadian dollars by the sale to Canada of gold or foreign exchange convertible into gold in amounts such that the total Canadian dollars so acquired up to that date shall be equal to or greater than the total amount of credit funds which has been requisitioned by the Czechoslovak Government and paid into its account with the Bank of Canada from November 27, 1947, to the same date. The sale of such gold or foreign exchange convertible into gold will be effected through the Bank of Canada or a Canadian chartered bank acting as an authorized dealer of the Canadian Foreign Exchange Control Board.

It is further understood that the Canadian dollars acquired in the manner outlined in the preceding paragraph will be used, in addition to credit funds, to pay for Canadian-produced goods and Canadian services purchased in Canada by Czechoslovakia or residents of Czechoslovakia during this period.

Yours very truly,

(Sgd)

Frantisek Nemec
Minister of Czechoslovakia.

To/
The Honourable D.C. Abbott,
Minister of Finance,
East Block,
Ottawa, Ontario.

PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING THE PERIOD
 NOVEMBER 26, 1945 to DECEMBER 31, 1947, REPORTED BY THE
GOVERNMENT OF CZECHOSLOVAKIA UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat	2,679,120
Wheat Flour	493,500
Rye	994,500
Synthetic Rubber	444,900
Wool	167,300
Agricultural Machinery and Equipment	278,216
Dairy Equipment	48,000
Airplane Engines and Parts	20,000
Machine Tools	2,400
Other Machinery	61,616
Aluminum	1,674,000
Nickel	808,100
Zinc	173,400
Cerium Alloy	88,250
Copper and other Non-ferrous Metals	2,283,594
Chemicals and Pharmaceuticals	434,594
Paraffin Wax	387,800
Motion Picture Film	239,000
Inland and Ocean Freight	492,664
Miscellaneous	<u>290,704</u>
Total	<u><u>\$12,061,658</u></u>

Note: The above figures show the cost of the
 commodities, including in some cases
 freight and other related services.

APPENDIX IV
(France)

- (a) Order in Council P.C. 3394, dated August 20, 1947.
Supplementary Agreement, dated August 20, 1947.
Letter from the Minister of Finance to the
French Ambassador.
Letter from the French Ambassador to the Minister
of Finance.
- (b) Payments for Canadian Goods and Services during
the Period April 25, 1945 to December 31, 1947,
Reported by the Government of France under
Credit Arrangements.

AT THE GOVERNMENT HOUSE AT OTTAWA

WEDNESDAY, the 20th day of AUGUST, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS under the authority of The Export Credits Insurance Act, Part II, a financial agreement dated April 9, 1945, was made between the Government of Canada and the Government of France under which the Government of Canada agreed to lend to the Government of France amounts not exceeding in the aggregate \$242,500,000;

AND WHEREAS the said agreement provides that any portion of the \$242,500,000 which has not been requisitioned on or before June 30, 1947, shall lapse unless the two governments otherwise agree;

AND WHEREAS an amount of \$70,700,000 was not requisitioned and advanced on or before June 30, 1947, and therefore lapsed;

AND WHEREAS substantial delays have been encountered in obtaining deliveries in Canada under the program of purchases being financed by the credits provided under the said agreement and that consequently substantial payments under that program will be required following June 30, 1947;

AND WHEREAS the Minister of Finance and the Acting Minister of Trade and Commerce represent that it is desirable and in the interests of both Canada and France that the \$70,700,000 of the credit not advanced to France by June 30, 1947, should again be made available to France until June 30, 1948, and that a corresponding and consequential extension of one year should be made in the date of final delivery to Canada of bonds to represent the debt incurred by France in receiving advances under the said agreement and subsequent advances up to June 30, 1948, and in the dates of maturity of such bonds;

NOW, THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Acting Minister of Trade and Commerce and under the provisions of The Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to enter into a supplementary agreement with the Government of France in substantially the form of the draft appended hereto, with such changes of detail not involving matters of substance as he may consider desirable.

(sgd) A. D. P. Heeney,

Clerk of the Privy Council.

(P.C.1383
of 9-4-46)

The Government of Canada and the Government of France:

Taking note of the Financial Agreement between them signed April 9, 1946, which is later referred to in this Agreement as the "Principal Agreement" and by which Canada made available a total credit to France of \$242,500,000 to finance in part a program of purchases being made by France in Canada, and

Taking note also of the serious delays encountered in obtaining delivery in Canada of the major items of equipment being purchased by France, and

Believing it to be in the interests of both Canada and France that the \$70,700,000 of the credit not advanced to France by June 30, 1947, and which therefore lapsed and was no longer payable under the Principal Agreement should again be made available to France until June 30th, 1948, and

Believing it also to be in the interest of both Canada and France that a corresponding and consequential extension of one year should be made in the date of final delivery to Canada of bonds to represent the debt incurred by France in receiving advances under this Agreement and the Principal Agreement, and in the date of maturity of such bonds;

Agree as follows:-

ARTICLE 1

Subject to the terms and conditions of this Agreement and to those Articles of the Principal Agreement specified in Article 9 below, the Government of Canada at the request of the Government of France agrees to lend to the Government of France such amounts not exceeding in the aggregate \$70,700,000 as may from time to time be requisitioned from the Government of Canada by the Government of France.

ARTICLE 2

The Minister of Finance of Canada will pay the amounts requisitioned under Article 1 of this Agreement into the account of the Bank of France with the Bank of Canada.

ARTICLE 3

The Government of France agrees to pay interest at the rate of three per centum per annum on each amount paid by the Minister of Finance of Canada into the account of the Bank of France with the Bank of Canada as provided in Article 2 of this Agreement from the date when it is paid into that account until the day in respect of which bonds for the consolidated amount thereof are issued in accordance with Article 5 of this Agreement, or of payment, whichever is earlier.

ARTICLE 4

The Government of France and the Government of Canada agree, in order to ensure the most effective use of the credit provided under this Supplementary Agreement in facilitating and developing trade between Canada and France during 1947 and 1948, that the bonds to be delivered subsequent to the consolidation of the advances provided under the Principal Agreement, as required by Article 6 of that Agreement shall not be so delivered but instead the consolidated debt owing under the Principal Agreement on June 30, 1947, shall bear interest at the rate of three per centum per annum from June 30, 1947, until the day in respect of which bonds for the said consolidated debt are issued in accordance with Article 5 of this Agreement, or of payment, whichever is earlier.

ARTICLE 5

The Government of France agrees that the amounts paid by the Minister of Finance of Canada on the requisition of the Government of France pursuant to Article 2 of this Agreement and interest thereon as provided in Article 3 of this Agreement, together with the consolidated debt under the Principal Agreement and interest thereon as required by Article 4 of this Agreement shall, subject to any repayment made as provided in Article 8 of this Agreement, be consolidated into one amount, called the consolidated debt, on June 30, 1948, and the Government of France shall thereupon deliver to the Minister of Finance of Canada bonds in respect of the amount of the consolidated debt owing on June 30, 1948, of a face value equal thereto, which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of France, shall bear interest from June 30, 1948, at the rate of three per centum per annum payable semi-annually on December 31 and June 30 and shall mature serially in thirty equal annual amounts of principal payable on December 31, 1948, and on December 31 in each year thereafter up to and including the year 1977.

ARTICLE 6

Any portion of the amount of \$70,700,000 referred to in Article 1 of this Agreement which has not been requisitioned by the Government of France in accordance with Article 1 of this Agreement on or before June 30, 1948, shall lapse and be no longer payable by the Government of Canada.

ARTICLE 7

It is mutually agreed by the parties hereto that payments by the Government of France under this Agreement and under bonds issued pursuant thereto shall be in Canadian dollars. These Canadian dollars shall be obtained in such ways as may be authorized or prescribed in any general monetary agreement to which the Government of Canada and the Government of France are parties or in any special monetary agreement between the Government of Canada and the Government of France in force at the time payment is effected. If no general or special monetary agreement is in force at the time when any particular payment falls due and if Canadian exchange control regulations specify at that time that exports from Canada to France shall be paid for in Canadian dollars from certain specified or restricted sources or in a specified foreign currency, then the Canadian dollars required to effect that particular payment may be obtained by the Government of France from such specified or restricted sources or shall be obtained through the sale of such specified foreign currency to an authorized dealer of the Foreign Exchange Control Board (or successor agency) at the published official buying rate.

ARTICLE 8

The Government of Canada agrees that the Government of France shall have the right to repay any amount required to be consolidated under this Agreement, or any part thereof, before the consolidation thereof with interest to the day of payment or to redeem any or all of the bonds to be delivered to the Government of Canada under Article 5 of this Agreement prior to their maturities at par plus accrued interest if in either case the Government of France makes payment in Canadian dollars acquired in the manner provided in Article 7 of this Agreement.

ARTICLE 9

Articles 1 and 4 of the Principal Agreement shall apply in respect of payments made under this Agreement except insofar as they are inconsistent with any terms of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

Signed in duplicate, in English and in French, both text being equally authentic, at Ottawa this twentieth day of August, 1947.

FOR THE GOVERNMENT OF CANADA

(sgd) D. C. Abbott

Minister of Finance

FOR THE GOVERNMENT OF THE
FRENCH REPUBLIC

(sgd) J. de Hauteclocque

Ambassador of France to Canada

Ottawa, August 20, 1947.

His Excellency Count Jean de Hauteclocque,
Ambassador of France to Canada,
The French Embassy,
42 Sussex Street,
O t t a w a.

Excellency:

On signing with you today the supplementary financial agreement between the Government of Canada and the Government of France, I wish to place on record my understanding that the credits advanced during the period from July 1, 1947, to June 30, 1948, may be used for purchases, included within the program which your Supply Council has submitted, which are ordered subsequent to July 19, 1945, and any other items agreed upon from time to time by the appropriate representatives of your Government with the Canadian Department of Trade and Commerce and the Department of Finance.

I wish also to record my understanding that 20% of the cost of the total program of purchases referred to above will be paid by the Government of France in cash in accordance with monetary arrangements agreed upon between our two governments and which are in effect at the time of such payments.

Finally, it is my understanding that the other points relating to the financial agreement set forth in the exchange of notes at the time of signing the agreement dated April 9, 1946, will continue in effect.

I would appreciate it if you would confirm these understandings.

Yours very truly,

(sgd) D. C. Abbott.

Ottawa, le 20 août 1947.

No. 56

Monsieur le Ministre,

J'ai l'honneur de vous confirmer mon accord sur les différents points traités dans votre lettre du 20 de ce mois au sujet de l'accord financier complémentaire qui a été signé hier, et qui reporte au 30 juin 1948 la période d'utilisation des crédits accordés le 9 avril 1946 par le Gouvernement du Canada au Gouvernement français.

Je tiens à vous dire à nouveau en cette occasion, combien le Gouvernement français apprécie l'aide qui lui est ainsi apportée par le Gouvernement canadien dans une période délicate de reconstruction de son économie, et qui contribuera utilement au développement des relations économiques entre les deux pays.

Je vous prie d'agréer, Monsieur le Ministre, l'assurance de ma très haute considération.

J. de Hauteclouque

L'Honorable D. C. Abbott,
Ministre des Finances,
Edifice de l'Est,
O t t a w a.

PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING THE PERIOD
APRIL 25, 1945 to DECEMBER 31, 1947; REPORTED BY THE
GOVERNMENT OF FRANCE UNDER CREDIT ARRANGEMENTS

Commodity or Commodity Group

\$

Wheat, Wheat Flour, Other Grains	87,638,962.28	83,428,546	4,210,416.28
Seeds		171,053	
Linseed Oil	785,002.87	782,108	2,894.87
Rubber and Products	4,227,789.34	4,177,965	34,813.93
Meat	5,401,291.67	5,585,457	40,124.87
Fish	25,092.45	19,763	1420.45
Dairy Products (milk)	1,212,689.74	1,083,850	128,238.74
Horses		907,670	
Hides and Skins, Leather and Products	690,004.25	466,400	223,604.25
Textiles	622,005.53	543,468	78,537.13
Lumber and Products	5,758,441.38	5,705,691	52,750.38
Pulp and Pulpwood	1,049,751.50	1,037,265	12,486.50
Paper and Products	1,496,145.63	1,646,206	-150,060.37
Shipbuilding, ships, dredges etc.	96,222,476.85	52,967,348	43,255,128.85
Iron, steel and general products	3,437,353.56	3,278,520	158,833.56
Automotive Equipment	19,374,938.69	18,492,260	882,678.69
Locomotives and Rolling Stock		18,056,780	-45,674.43
Agricultural Machinery and Implements	5,447,564.14	3,238,631	2,208,933.14
Other Machinery and Parts	4,133,736.19	2,826,362	1,307,374.19
Non-ferrous Metals	373,328,174.44	36,096,686	1,237,231,488.44
Electrical Equipment and Batteries	797,008.27	548,474	248,534.27
Asbestos	5,097,599.71	3,682,847	1,414,752.71
Chemicals, drugs, pharmaceuticals		10,091,460	634,498.11
Ocean and Inland freight, other services		14,420,805	-2,388,354.22
Surplus Products through Depart- ment of Reconstruction and Supply (Army blankets, boots, greatcoats, etc.)		1,044,722	
Miscellaneous	145,012,292.53	13,214,128	121,798,164.53
Total		\$283,514,465	

Note: The above program includes cash purchases, totalling approximately \$43,000,000, made in Canada by the Government of France during the period April 25, 1945 to July 20, 1945.

APPENDIX V
(Netherlands)

- (a) Order in Council P.C. 1951, dated May 20, 1947.
Supplementary Agreement, dated May 20, 1947.
- (b) Payments for Canadian Goods and Services during
the Period May 1, 1945 to December 31, 1947,
Reported by the Government of the Netherlands
under Credit Arrangements.

P.C. 1951

AT THE GOVERNMENT HOUSE AT OTTAWA
TUESDAY, the 20th day of MAY, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS under the authority of The Export Credits Insurance Act a financial agreement was signed between the Government of Canada and the Government of the Netherlands in Ottawa on February 5th, 1946, under which the Government of Canada agreed to lend to the Government of the Netherlands amounts not exceeding in the aggregate \$125,000,000;

AND WHEREAS the said agreement provides that any portion of the said \$125,000,000 which has not been requisitioned by the Government of the Netherlands, in accordance with the provisions of the said agreement, on or before the 30th day of April 1947, shall lapse and be no longer payable by the Minister unless the parties to the agreement mutually agree otherwise;

AND WHEREAS the Government of the Netherlands has represented that because of the shortage of supplies available for purchase in Canada it will not be possible for it to expend the whole of the said amount before the said date for the purchase of most urgently required commodities, and has accordingly requested that the period during which the said loan may be requisitioned by it be extended until April 30th, 1948;

AND WHEREAS the Minister of Finance and the Minister of Trade and Commerce, represent that it is desirable to provide for the means of acquiring the Canadian dollars to make payments under the agreement in circumstances where foreign exchange regulations in Canada provide that export from Canada to the Netherlands may be paid for in Canadian dollars obtained in other specified ways than by the sale to Canada of a specified foreign currency;

NOW, THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, and under the provisions of The Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance, to enter into a supplementary

... ..
... ..

(P.C.340
31/1/46)

agreement with the Government of the Netherlands to provide that the period during which amounts to be lent under the financial agreement aforesaid may be requisitioned by the Government of the Netherlands be extended to the 30th day of April, 1948, to provide for such other variations in the terms of the said financial agreement as are necessary by reason of the extension of the said period, and to provide for the means of acquiring the Canadian dollars to make payments under the agreement in the aforesaid manner.

(sgd) A. D. P. Heeney

Clerk of the Privy Council.

SUPPLEMENTARY AGREEMENT ENTERED INTO THIS 20TH DAY OF MAY 1947.

BETWEEN:

THE MINISTER OF FINANCE OF CANADA
Hereinafter referred to as "the Minister"

OF THE FIRST PART

AND

THE GOVERNMENT OF THE NETHERLANDS
represented by Jonkeer G. Beelaerts
van Blokland, Charge d'Affaires ad
interim of the Netherlands in Canada

OF THE SECOND PART

WHEREAS by an agreement, dated February 5, 1946, (hereinafter called the "Principal Agreement") the Government of Canada agreed to make a loan to the Government of the Netherlands not exceeding \$125,000,000;

AND WHEREAS the Principal Agreement provides that any portion of the amount of \$125,000,000 to be lent thereunder which has not been requisitioned by the Government of the Netherlands in accordance with the provisions of the said Agreement on or before April 30, 1947, shall lapse and be no longer payable by the Minister on behalf of the Government of Canada unless the parties to the Principal Agreement mutually agree otherwise;

AND WHEREAS the Government of the Netherlands has represented that because of the shortage of supplies available for purchase in Canada it will not be possible for it to expend the whole of the said amount before the said date for the purchase of most urgently required commodities, and has accordingly requested that the period during which the said loan may be requisitioned by it under the Principal Agreement be extended until April 30, 1948;

AND WHEREAS it has been mutually agreed that the said period be so extended and it is necessary in consequence thereof to make provision for the issue of bonds in respect of the amounts requisitioned during the extended period;

AND WHEREAS it is desirable to amend Paragraph 9 of the Principal Agreement to provide for the means of acquiring the Canadian dollars to make payments under the agreement in circumstances where foreign exchange regulations in Canada provide that exports from Canada to the Netherlands may be paid for in Canadian dollars obtained in other specified ways than by the sale to Canada of a specified foreign currency;

NOW THEREFORE this agreement witnesseth that the parties hereto covenant and agree with each other as follows:-

1. It is mutually agreed that any portion of the \$125,000,000 (Canadian) referred to in paragraph two of the Principal Agreement which has not been requisitioned by the Government of the Netherlands in accordance with the said paragraph two on or before April 30, 1947, may be requisitioned before April 30, 1948 and the Minister will pay the amounts so requisitioned as provided in the Principal Agreement in respect of amounts so requisitioned.

2. Notwithstanding clause six of the Principal Agreement, the Government of the Netherlands agrees that the amounts paid by the Minister into the special account mentioned in the Principal Agreement, pursuant to the Principal Agreement

and the agreement of May 1, 1945, therein mentioned, and this agreement, during the period commencing on the date of the said agreement of May 1, 1945 and ending on April 30, 1948 and interest thereon as provided in paragraph five of the Principal Agreement shall be consolidated into one amount called the consolidated debt at the end of the said period and the Government of the Netherlands shall thereupon deliver to the Minister bonds of a fixed value equal to the consolidated debt which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of the Netherlands. The bonds shall be dated April 30, 1948, shall mature serially in twenty-seven equal annual amounts of principal payable on April 30, 1950 and on April 30 in each year thereafter up to and including April 30, 1976 and shall bear interest payable annually on April 30 in each year at the following rates:-

(i) the bonds maturing on the 30th April in each of the years 1950 to 1958 both inclusive shall bear interest at the rate of two and three-quarters per centum per annum;

(ii) the bonds maturing on the 30th April in each of the years 1959 to 1970 both inclusive shall bear interest at the rate of three per centum per annum;

(iii) the bonds maturing on the 30th April in each of the years 1971 to 1976 both inclusive shall bear interest at the rate of three and one-quarter per centum per annum.

3. It is mutually agreed by the parties hereto that payments by the Government of the Netherlands shall be in Canadian dollars or fine gold at the option of the Government of the Netherlands. The value of fine gold shall be calculated on the basis of the buying price for gold of the Canadian Foreign Exchange Control Board (or successor agency) on the date of delivery. During such period as foreign exchange regulations in Canada require that exports from Canada to the Netherlands result in the sale of specified foreign currency to an authorized dealer of the Canadian Foreign Exchange Control Board (or successor agency), or result in payment in Canadian dollars derived from specified or restricted sources, any Canadian dollars used by the Government of the Netherlands to effect payments under this agreement shall be acquired by the sale to an authorized dealer of the Foreign Exchange Control Board (or successor agency) of such specified foreign currency at the published official buying rate or shall be acquired from the same specified or restricted sources as Canadian dollars used at that time for the payment of Canadian exports to the Netherlands, or may be acquired in such other manner as may be mutually agreed upon by the Government of the Netherlands and the Minister.

4. Clauses two and three of this agreement shall be deemed to be substituted in the Principal Agreement for clauses six and nine thereof, respectively, and this agreement shall be read and construed as one with the Principal Agreement.

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year first above mentioned.

WITNESS:

(Sgd.) C. L. Read

(Sgd.) D. C. Abbott
MINISTER OF FINANCE OF CANADA

(Sgd.) R. B. Bryce

(Sgd.) G. Beelaerts van Bloisland
FOR THE GOVERNMENT OF THE
NETHERLANDS



PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING THE PERIOD
MAY 1, 1945 to DECEMBER 31, 1947, REPORTED BY THE
GOVERNMENT OF THE NETHERLANDS UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat, Wheat Flour, Other Grains <i>44,519,257</i>	44,419,257 <i>95 155</i>
Seeds <i>1,215,877</i>	1,215,877 <i>121 155</i>
Linseed Oil <i>414,516</i>	414,516
Rubber and Products <i>1,897,635</i>	1,897,635
Meat <i>3,354,537</i>	3,354,537 <i>4 355</i>
Canned Fish <i>741,579</i>	741,579
Other Foods <i>668,196</i>	707,196
Hides and Skins <i>132,924</i>	132,924
Leather and Products <i>177,679</i>	143,997
Hair and Bristles <i>3,150,133</i>	3,150,133 <i>72 150</i>
Textiles <i>632,137</i>	632,137
Lumber and Products <i>12,323,010</i>	10,884,539 <i>493 471</i>
Pulp and Pulpwood <i>1,079,314</i>	201,165
Paper and Products <i>1,549,685</i>	1,549,685
Iron, Steel and General Products <i>4,863,695</i>	2,863,695
Automotive Equipment <i>10,947,991</i>	10,947,991 <i>11 34</i>
Agricultural Machinery and Implements <i>1,269,428</i>	898,428
Machinery and Parts (general) <i>1,086,993</i>	608,271
Non-ferrous Metals <i>9,447,857</i>	9,447,857 <i>13 120</i>
Electrical Equipment and Batteries <i>914,406</i>	404,406 <i>91 406</i>
Asbestos <i>404,275</i>	382,755 <i>40 275</i>
Abrasives <i>279,032</i>	279,032
Chemicals, Drugs, Pharmaceuticals <i>(including antibiotics 2,422,875)</i>	4,717,003
Freight, Commissions, and other services <i>5,642,226</i>	6,642,226 <i>5 642</i>
Miscellaneous (including items subject to adjustment) <i>11,025,775</i>	11,025,775 <i>11 867 438</i>
Total	\$117,668,616

APPENDIX VI
(Netherlands Indies)

- (a) Guarantee by the Netherlands Government--Note
No. 3079, dated August 29, 1947.
- (b) Order in Council P.C. 4087, dated October 7, 1947.
Supplementary Agreement, dated October 8, 1947.
Guarantee of the Netherlands and Netherlands Indies
Governments--Note 3765, dated November 3, 1947.
- (c) Payments for Canadian Goods and Services during
the Period October 9, 1945 to December 31, 1947,
Reported by the Government of the Netherlands
Indies under Credit Arrangements.

NETHERLANDS EMBASSY

OTTAWA

No. 3079

August 29th, 1947.

Sir,

Following the note of the Embassy dated August 6th, 1947 No. 2767 concerning the Financial Agreement signed at Ottawa on October 9th, 1945, by which the Government of Canada (acting through the Minister of Finance) agreed to extend a credit of fifteen million dollars to the Bank for the Netherlands Indies, I have the honour to confirm that the Netherlands Government undertakes to guarantee the obligations to the Canadian Government under the Financial Agreement between the Canadian Government and the Bank for the Netherlands Indies mentioned above.

Accept, Sir, the renewed assurances of my highest consideration.

(Sgd.) J.H. Van Roijen

The Secretary of State
for External Affairs
East Block,
Ottawa.

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 7th day of OCTOBER, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL --

WHEREAS under the authority of The Export (P.C.6381 Credits Insurance Act, a financial agreement dated of 4th October 9, 1945, was entered into between the Govern- Oct.,1945)ment of Canada and the Bank for the Netherlands Indies under which the Government of Canada agreed to lend to the Bank for the Netherlands Indies, being an agency for the Government of the Netherlands Indies, to enable the said bank to provide funds to the Government of the Netherlands Indies to enable it to purchase Canadian-produced goods for export to the Netherlands Indies, amounts not exceeding in the aggregate \$15,000,000;

AND WHEREAS the Governments of the Netherlands and the Netherlands Indies have guaranteed the obligations of the said Bank to Canada under the said agreement;

AND WHEREAS the Acting Minister of Finance and the Acting Minister of Trade and Commerce represent that it is expedient and in the public interest to enter into an agreement supplementary to the said financial agreement to provide:-

- (a) That amounts lent under the Principal Agreement, as amended, may, in addition to the purposes set out in the said financial agreement, also be used to pay the cost of Canadian services and to enable persons ordinarily resident in the Netherlands Indies to pay the cost of Canadian-produced goods or the cost of Canadian services;
- (b) That the date beyond which further amounts may not be advanced, and the date of consolidation of the advances and delivery of bonds be deferred until October 8th, 1948;
- (c) That payments by the Bank for the Netherlands Indies under the said financial agreement, or under bonds issued pursuant thereto, during a period when Canadian Foreign Exchange Control Laws and Regulations permit Canadian exports to the Netherlands Indies to be paid for in Canadian dollars derived from specified or restricted sources, may be made in Canadian dollars derived from the same specified or restricted sources.

NOW, THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Acting Minister of Finance and the Acting Minister of Trade and Commerce, and under the provisions of The Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to enter into a supplementary agreement with the Bank for the Netherlands Indies to provide for the matters aforesaid, the provisions of the said supplementary agreement providing for the matters mentioned in paragraphs (a) and (b) above to come into operation upon the performance of the obligations by the Bank thereunder being guaranteed by the Governments of the Netherlands and the Netherlands Indies.

(Sgd.) A.D.P. Heeney

Clerk of the Privy Council.

SUPPLEMENTARY AGREEMENT ENTERED INTO THIS EIGHTH DAY OF
OCTOBER, 1947.

BETWEEN:

THE MINISTER OF FINANCE OF CANADA
hereinafter referred to as "the Minister"

OF THE FIRST PART

AND

THE BANK FOR THE NETHERLANDS INDIES,
a body corporate with its Head Office
Paramaribo, Surinam, being an agency
of the Government of the Netherlands
Indies

OF THE SECOND PART

WHEREAS by an agreement dated October 9, 1945,
(hereinafter called the "Principal Agreement"), the
Government of Canada agreed to lend to the said Bank,
being an agency of the Government of the Netherlands Indies,
to enable the said Bank to provide funds to the said Govern-
ment to enable it to purchase Canadian-produced goods for
export to the Netherlands Indies, amounts not exceeding
fifteen million dollars (\$15,000,000) Canadian, and the
Government of the Netherlands and the Government of the
Netherlands Indies have guaranteed the obligations of the
said Bank to Canada under the Principal Agreement;

AND WHEREAS it is expedient to enter into an
agreement supplementary to the Principal Agreement to
provide:-

- (a) that amounts lent as provided in the
Principal Agreement may, in addition to
the purposes set out in the Principal
Agreement, also be used to pay the cost
of Canadian services and to enable
persons ordinarily resident in the Netherlands
Indies to pay the cost of Canadian-produced
goods purchased from exporters or the cost of
Canadian services; and
- (b) that the period of 24 months, commencing
October 9, 1945, during which amounts to be
lent under the Principal Agreement may be
requisitioned by the Bank for the Netherlands
Indies be extended until October 8, 1948, and
that provision be made to defer until said
date the consolidation of advances made under
the Principal Agreement and this Agreement
and the delivery of bonds in evidence of the
consolidated obligations; and
- (c) that payments made by the Bank for the Netherlands
Indies under the Principal Agreement or under
bonds issued pursuant thereto, during a period
when Canadian Foreign Exchange Control Law and
Regulations permit Canadian exports to the
Netherlands Indies to be paid for in Canadian
dollars derived from specified or restricted
sources, may be made in Canadian dollars
derived from the same specified or restricted
sources;

AND WHEREAS by Order in Council P.C. 4087 dated
October 7, 1947, the Minister has been duly authorized under
The Export Credits Insurance Act to enter into this Supple-
mentary Agreement on behalf of the Government of Canada;

AND WHEREAS Mr. Bernard Jan Israel has been duly authorized by the said Bank to execute this Agreement on behalf of the said Bank;

NOW THEREFORE this agreement witnesseth that the parties hereto covenant and agree with each other as follows:-

1. In this Agreement the terms "exporter", "Canadian-produced goods", "the cost of Canadian-produced goods" and "Canadian services" have the meaning assigned to them by The Export Credits Insurance Act of Canada, or any regulation made thereunder.
2. It is mutually agreed that any portion of the fifteen million dollars (\$15,000,000), Canadian, referred to in the Principal Agreement, which has not been requisitioned by the Bank for the Netherlands Indies under the Principal Agreement and this Agreement on or before October 8, 1947, may be requisitioned by the Bank for the Netherlands Indies on or before October 8, 1948, and the Minister will pay the amounts so requisitioned in the manner provided in the Principal Agreement in respect of amounts so requisitioned.
3. Notwithstanding anything contained in the Principal Agreement, it is mutually agreed that amounts lent hereunder by the Minister to the Bank for the Netherlands Indies, as provided in Clause two of the Principal Agreement, will be made available by the Bank for the Netherlands Indies to the Government for the Netherlands Indies or any person ordinarily resident in the Netherlands Indies to be used to pay the cost of Canadian-produced goods purchased from exporters or the cost of Canadian services.
4. It is mutually agreed that the provisions of Clauses five and six of the Principal Agreement, relating to the consolidation of advances and the delivery of bonds made thereunder, shall no longer have effect between the parties hereto and the Bank for the Netherlands Indies agrees that on October 8, 1948, the total amount borrowed by it and paid by the Minister into the special account pursuant to the Principal Agreement and this Agreement, during the period commencing on October 9, 1945, and ending on October 8, 1948, inclusive, and interest thereon as provided in Clause four of the Principal Agreement, shall be consolidated into one amount called the consolidated debt at the end of the said period and the Bank for the Netherlands Indies shall thereupon deliver to the Minister bonds of a face value equal to such consolidated debt which bonds shall constitute valid, binding, absolute and unconditional obligations of the Bank for the Netherlands Indies, guaranteed by the Government of the Netherlands and the Government of the Netherlands Indies. The bonds shall bear interest at the rate of two and one quarter ($2\frac{1}{4}$) per cent per annum payable semi-annually on the first day of January and the first day of July, and shall be for such terms as will result in ten per cent of the aggregate face value of the bonds maturing on April 8 and October 8 in each of the calendar years 1951 to 1955 inclusive.
5. Payments made by the Bank for the Netherlands Indies under the Principal Agreement and this Agreement or under bonds issued pursuant thereto, during a period when Canadian Foreign Exchange Control Law and Regulations permit Canadian exports to the Netherlands Indies to be paid for in Canadian dollars derived from specified or restricted sources, may be made in Canadian dollars derived from the same specified or restricted sources.
6. This Agreement shall be read and construed as one with the Principal Agreement but Clauses three and four of this Agreement shall have full effect notwithstanding anything contained in the Principal Agreement.

7. Clauses two, three, and four of this Supplementary Agreement shall not come into operation until the performance of the obligation to Canada under this Supplementary Agreement has been guaranteed by the Government of the Netherlands and the Government of the Netherlands Indies.

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year first above mentioned.

WITNESS:

(Sgd.) R. B. Bryce

(Sgd.) Louis S. St. Laurent
ACTING MINISTER OF FINANCE
OF CANADA

(Sgd.) G. Beelaerts van Blokland

(Sgd.) Bernard Jan Israel
FOR THE BANK FOR THE
NETHERLANDS INDIES

November 3rd, 1947.

Sir,

May I refer you to our note of August 29, 1947, No. 3079, confirming that the Netherlands Government undertakes to guarantee the obligations to the Canadian Government under the financial agreement mentioned therein between the Canadian Government and the Bank for the Netherlands Indies. By that financial agreement the credit of \$15,000,000 therein provided for expired on October 8, 1947, as regards any part that had not been advanced before that date, unless the period was extended by agreement of the parties. I am informed that a supplementary agreement dated October 8, 1947, has been entered into with the Bank for the Netherlands Indies, the main provisions of which extend this period to October 8, 1948, and provide for certain additional purposes for which the monies advanced under the credit previously agreed upon and so extended may be expended.

I am directed by my Government to confirm on behalf of the Netherlands Minister of Finance that the guarantee already given by the Government of the Netherlands extends to and includes the obligations under the financial agreement and the supplementary agreement and that the performance of the obligations under the financial agreement and the supplementary agreement and under bonds issued pursuant to these agreements is guaranteed by the Netherlands Government. These obligations are that provision will be made to consolidate the total amounts lent to the Bank for the Netherlands Indies and paid by the Canadian Minister of Finance into the special account, pursuant to the principal agreement and the supplementary agreement, during the period commencing on October 9, 1945 and ending on October 8, 1948, inclusive, with interest at the rate of two and one-quarter per cent ($2\frac{1}{4}\%$) per annum on each amount paid by the Minister into the said special account from the date it is paid into the said special account until the date of consolidation of that particular amount of the debt into the consolidated debt, and to issue bonds in respect of the consolidated debt. The guarantee hereby given is to repay the said consolidated total amount, or to redeem bonds issued in respect thereof, in ten equal amounts on April 8 and October 8 in each of the years 1951 to 1955, inclusive, with interest from the date of consolidation on the unpaid amount of the said consolidated total amount or on the unpaid amount of bonds issued and outstanding in respect thereof at the rate mentioned above, payable semi-annually on the first day of January and the first day of July until payment or redemption.

With respect to the guarantee given by the Netherlands Indies Government may I be permitted to refer to the letter of Jonkheer J.W.M. Snouck Hurgronje dated September 13, 1945, No. 1568, stating that the performance of all obligations of the Bank for the Netherlands Indies is guaranteed by the Netherlands Indies Government. This latter guarantee is applicable in respect of the principal agreement and supplementary agreement referred to above and in respect of bonds issued pursuant thereto in the same manner as the guarantee of the Netherlands Government is applicable as mentioned above.

Accept, Sir, the renewed assurances of my highest consideration.

(Sgd.) G. Beelaerts van Blokland.

The Secretary of State
for External Affairs
East Block
Ottawa.

PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING THE PERIOD
OCTOBER 9, 1945 to DECEMBER 31, 1947, REPORTED BY THE GOVERN-
MENT OF THE NETHERLANDS INDIES UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat, Wheat Flour, Other Grains	450,747
Rubber and Products	7,970
Fish	47,565
Leather and Leather Goods	30,663
Hair and Bristles	56,736
Textiles	71,835
Paper and Paper Products	32,100
School Equipment, Rulers, etc.	20,742
Automotive Equipment	6,577,597
Machinery	34,391
Lamps	47,607
Fabricated Aluminum (Latex Cups)	994,992
Chemicals, Drugs and Pharmaceuticals	96,680
Fertilizer	250,900
Civilian Aircraft	2,401,416
Freight and Miscellaneous	<u>200,470</u>
Total	<u><u>\$11,322,411</u></u>

Note: The above figures show the cost of the commodities, including in some cases freight and other related services.

APPENDIX VII
(Norway)

- (a) Order in Council P.C. 4529, dated November 7, 1947.
Supplementary Agreement, dated November 10, 1947.
Letter from the Minister of Finance to the
Minister for Norway.
- (b) Payments for Canadian Goods and Services during
the Period June 25, 1945 to December 31, 1947,
Reported by the Government of Norway under
Credit Arrangements.

AT THE GOVERNMENT HOUSE AT OTTAWA

FRIDAY, the 7th day of NOVEMBER, 1947.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

P.C.5478, 7-8-45 WHEREAS under the authority of The Export Credits Insurance Act a financial agreement dated June 25, 1945, as amended on June 6, 1946, was entered into between the Government of Canada and the Government of Norway under which the Government of Canada agreed to lend to the Government of Norway amounts not exceeding in the aggregate \$30,000,000;

AND WHEREAS the said agreement provides that any portion of the \$30,000,000 which has not been requisitioned on or before June 24, 1947, shall lapse unless the two governments otherwise agree;

AND WHEREAS an amount of \$11,144,000 was not requisitioned on or before June 24, 1947, and therefore lapsed;

AND WHEREAS it has been requested by the Government of Norway and it is deemed to be in the interest of both Canada and Norway to enter into an agreement supplementary to the said agreement to provide:

- (a) that the amount of \$11,144,000 which had not been requisitioned on or before June 24, 1947, shall again be made available to the Government of Norway and may be requisitioned by the Government of Norway on or before June 24, 1948, and to make consequential arrangements for the consolidation of the debt incurred during this extended period and for the delivery of bonds in evidence of the consolidated obligations;
- (b) that payments made by the Government of Norway under the said financial agreement and supplementary agreement or under bonds issued pursuant thereto, during a period when Canadian Foreign Exchange Control Laws and Regulations permit Canadian exports to Norway to be paid for in Canadian dollars derived from specified or restricted sources, may be made in Canadian dollars derived from the said specified or restricted sources.

THEREFORE His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Acting Minister of Trade and Commerce, and under the provisions of The Export Credits Insurance Act, is pleased to authorize and doth hereby authorize the Minister of Finance to enter into a supplementary agreement with the Government of Norway to provide for the matters aforesaid.

(Sgd.) A. D. P. Heeney

Clerk of the Privy Council.

SUPPLEMENTARY FINANCIAL AGREEMENT BETWEEN THE GOVERNMENT OF
CANADA AND THE GOVERNMENT OF NORWAY

AGREEMENT ENTERED INTO THIS TENTH DAY OF NOVEMBER, 1947

BETWEEN:

THE MINISTER OF FINANCE OF CANADA
hereinafter referred to as "the
Minister"

OF THE FIRST PART

AND

THE GOVERNMENT OF NORWAY
represented by its Minister
Plenipotentiary to Canada

OF THE SECOND PART

WHEREAS by an Agreement dated June 25, 1945, as amended on June 6, 1946, which is later referred to in this Agreement as the "Principal Agreement", the Government of Canada agreed to lend amounts not exceeding \$30,000,000 to the Government of Norway to finance in part a program of purchases being made by Norway in Canada, such amounts to be advanced from time to time as requisitioned by the Government of Norway and any amounts thereof not so requisitioned on or before June 24, 1947, to lapse and be no longer payable unless otherwise agreed; and

WHEREAS an amount of \$11,144,000 was not requisitioned on or before June 24, 1947, and therefore lapsed; and

WHEREAS it has been requested by the Government of Norway and it is in the interests of both Canada and Norway that the said amount of \$11,144,000 should again be made available for borrowing by the Government of Norway on or before June 24, 1948; and

WHEREAS by Order in Council P.C. 4529 dated November 7, 1947, the Minister has been duly authorized under The Export Credits Insurance Act to make the loans hereinafter referred to, on behalf of the Government of Canada; and

WHEREAS the Minister Plenipotentiary of Norway to Canada, Mr. Daniel Steen, has been duly authorized to execute this Agreement on behalf of the Government of Norway.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto covenant and agree with each other as follows:-

1. In this Agreement the terms "exporters", "Canadian-produced goods", and "cost of Canadian-produced goods" have the meaning assigned to them by The Export Credits Insurance Act of Canada or any regulations made thereunder.
2. Subject to the terms and conditions of this Agreement, the Minister, on behalf of the Government of Canada agrees to lend to the Government of Norway such amounts not exceeding \$11,144,000, Canadian, as may from time to time be requisitioned from the Minister by the Government of Norway.

3. The Minister will pay amounts requisitioned under paragraph 2 of this Agreement into the account of the Government of Norway with the Bank of Canada.

4. The Government of Norway will expend monies received by it by way of loan under this Agreement solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods exported or to be exported to Norway.

5. The Government of Norway agrees to pay interest at the rate of two and three-quarters ($2\frac{3}{4}\%$) per centum per annum on each amount paid by the Minister into the said special account from the date when it is paid into the said special account until the day in respect of which bonds for the consolidated amount thereof are issued in accordance with paragraph 6 of this Agreement, or of payment whichever is earlier.

6. The Government of Norway agrees that the amounts paid by the Minister into the special account of the Government of Norway with the Bank of Canada, pursuant to this Agreement, and interest thereon as provided in paragraph 5 of this Agreement, shall, subject to any repayment made as provided in paragraph 10 of this Agreement, be consolidated into one amount called the consolidated debt on June 25, 1948, and the Government of Norway shall thereupon deliver to the Minister bonds in respect of the amount of the consolidated debt owing on June 25, 1948, of a face value equal thereto, which bonds shall constitute valid, binding, absolute, and unconditional obligations of the Government of Norway, shall bear interest from June 25, 1948, at the rate of two and three-quarters ($2\frac{3}{4}\%$) per centum per annum payable semi-annually on the first day of January and the first day of July, and shall mature serially in nine equal annual amounts of principal payable on June 25, 1951, and on June 25 in each year thereafter up to and including the year 1959.

7. Any portion of the credit of \$11,144,000, Canadian, which has not been requisitioned by the Government of Norway and paid by the Minister into the special account in the Bank of Canada pursuant to paragraph 3 of this Agreement on or before June 24, 1948, shall lapse and be no longer payable by the Minister.

8. It is mutually agreed by the parties hereto that if the Government of Norway fails to acknowledge the consolidated debt at the time referred to in paragraph 6 of this Agreement, or fails to redeem any of the bonds on maturity, the whole amount of the loan shall thereupon become due and payable.

9. It is mutually agreed by the parties hereto that payments by the Government of Norway under this Agreement or under bonds issued pursuant thereto shall be in Canadian dollars or fine gold at the option of the Government of Norway. The value of fine gold shall be calculated on the basis of the buying price for gold of the Canadian Foreign Exchange Control Board (or successor agency) on the day of its delivery. During such period as foreign exchange regulations in Canada require that exports from Canada to Norway shall be paid for in Canadian dollars

from certain specified or restricted sources or in a specified foreign currency, then any Canadian dollars used by the Government of Norway to effect payments under this Agreement may be obtained by the Government of Norway from such specified or restricted sources or shall be obtained through the sale of such specified foreign currency to an authorized dealer of the Foreign Exchange Control Board (or successor agency) at the published official buying rate, or in such other manner as may be mutually agreed upon by the Government of Norway and the Minister.

10. The Minister agrees that the Government of Norway shall have the right to repay any amount required to be consolidated under this Agreement, or any part thereof, before the consolidation thereof with interest to the day of payment or to redeem any or all of the bonds prior to their maturities at par plus accrued interest if in either case the Government of Norway makes payment in fine gold or in Canadian dollars acquired in the manner provided by paragraph 9 of this Agreement.

WITNESS:

R. B. Bryce

D. C. Abbott
Minister of Finance of Canada

Hartley Antonsen

Daniel Steen
For the Government of Norway

Ottawa, November 10, 1947.

His Excellency Daniel Steen,
Minister for Norway,
Royal Norwegian Legation,
O t t a w a.

Dear Sir:

In signing with you today a supplementary financial agreement under The Export Credits Insurance Act for the provision of a credit to the Government of Norway not to exceed \$11,144,000.00, representing the amount of the credit which had not been utilized under the Principal Agreement of June 25, 1945, as amended, I wish to place on record our understanding that it is the intention of the two governments that a certain portion of the Canadian dollar requirements of Norway during the twelve months' period from June 25, 1947, shall be covered by the purchase from Canada of Canadian dollars against gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of Norway, through one of its official agencies or through the Bank of Norway, will at the end of each quarter year acquire Canadian dollars by the sale to the Bank of Canada, or a Canadian chartered bank acting as an authorized dealer of the Canadian Foreign Exchange Control Board, of gold or foreign exchange convertible into gold in an amount such that the total amount of Canadian dollars so acquired from June 25, 1947, up to the end of such quarter year shall be equal to or greater than the amount of the credit which has been utilized under this supplementary agreement up to that date. It is also understood that the Canadian dollars so acquired will be used either to meet the current requirements of Norway in Canada, or to redeem the bonds provided for under the agreement.

I wish also to record our understanding that payments by the Government of Norway under bonds issued pursuant to the agreement dated June 25, 1945, as amended on June 6, 1946, may be made in like manner as provided for under paragraph 9 of the supplementary agreement dated today.

Yours very truly,

(Signed) D. C. Abbott.

PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING THE PERIOD
JUNE 25, 1945 to DECEMBER 31, 1947, REPORTED BY THE
GOVERNMENT OF NORWAY UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	\$
Wheat, Wheat Flour, Other Grains	21,086,100
Seeds	52,329
Rubber and Products	838,951
Leather and Leather Goods	27,922
Textiles	14,689
Lumber Products	38,582
Automotive Equipment	3,590,728
Non-ferrous Metals	38,052
Electrical Equipment and Batteries	43,428
Asbestos	15,927
Chemicals, Drugs, Pharmaceuticals	95,134
Freight, Commissions and other services	1,510,220
Miscellaneous	127,172
Total	<u>\$27,479,235</u>

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To His Excellency, Field Marshal the Right Honourable
Viscount Alexander of Tunis, G.C.B., G.C.M.G., etc.,
Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

The undersigned has the honour to present
to Your Excellency a report on operations under Part II
of The Export Credits Insurance Act for the fiscal
year ended March 31st, 1949.

All of which is respectfully submitted,

(Sgd.) D. C. Abbott

Minister of Finance.

Ottawa, October 16th, 1949.

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Canada Finance, Dept. of

REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1948-49

REPORT ON OPERATIONS UNDER PART II OF
THE EXPORT CREDITS INSURANCE ACT
FISCAL YEAR 1948-49

CONTENTS

1. Review of Export Credit Programme.
2. Foreign Credit Facilities provided under the Act.
3. Direct Credits to Foreign Governments or their Agencies.
 - A. Summary of Credit Arrangements
 - B. Salient features of operations under the Agreements with individual countries during the fiscal year:
 - (a) Belgium
 - (b) China
 - (c) Czechoslovakia
 - (d) France
 - (e) Netherlands
 - (f) Indonesia (Bank for the Netherlands Indies)
 - (g) Norway
 - (h) U.S.S.R.
4. Government Guaranteed Credits
 - A. Summary of Guarantees Provided
 - B. Operations during the Fiscal Year

Tables:

- | | |
|-----------|---|
| Table I | Advances to Foreign Governments or their Agencies under Direct Credits, by Months and Fiscal Years, to March 31st, 1949. |
| Table II | Canadian Imports and Exports Compared with Advances under Direct Credits, by Countries.
Fiscal Years 1945-46 to 1948-49. |
| Table III | Approved Payments by Commodity Groups for Canadian Goods and Services Reported under Export Credit Arrangements. Payments during the period April 1st, 1945 to March 31st, 1949. Comparison with total trade during the four-year periods ending March 31st, 1949 and March 31st, 1939. |
| Table IV | Statement of Total Debts Incurred by Borrowing Countries under Direct Credits, Repayments Made, and Loans Outstanding at March 31st, 1949. |

Appendices

REPORT ON OPERATIONS UNDER PART II OF
THE EXPORT CREDITS INSURANCE ACT
FISCAL YEAR 1948-49

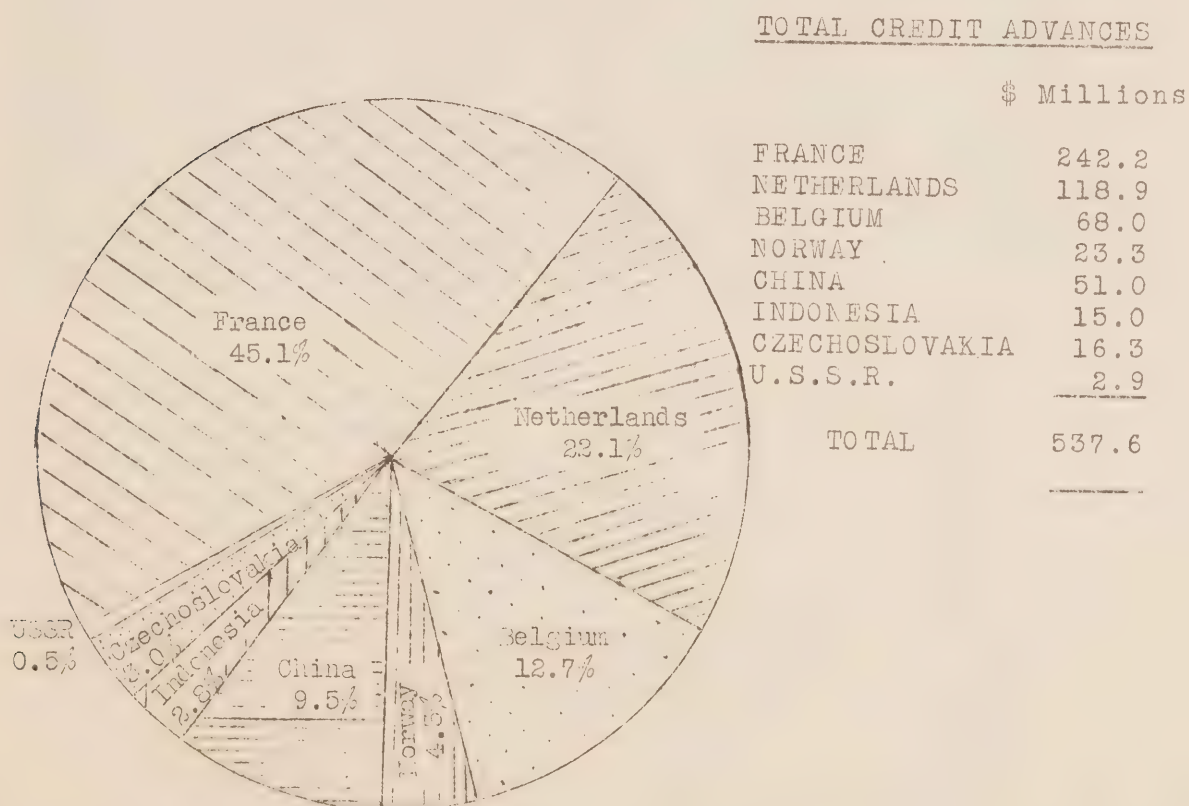
1. REVIEW OF EXPORT CREDIT PROGRAMME

Credits Provided and the Use Made of Them

Part II of The Export Credits Insurance Act, 1944, as amended, authorized the Canadian Government to extend credit facilities to foreign countries for the purpose of facilitating and developing trade between Canada and those countries. Direct credits by the Canadian Government to foreign governments or their agencies were not to exceed a total of \$750 million, and guaranteed credits were not to exceed \$200 million. The Act permitted the Governor in Council at any time prior to January 1, 1948, to authorize the Minister of Finance to enter into agreements to provide such credit facilities.

Direct credits totalling \$594.5 million were made available to eight countries during the period the legislation was in operation under agreements entered into between the Minister of Finance and the government or an agency of the government of these countries. Total advances under these credits amounted to approximately \$537.6 million, leaving balances totalling \$56.9 million which lapsed at the expiry of the agreements. All agreements terminated on or before December 31, 1948. The distribution of these advances by countries is shown in Figure 1. Total loans outstanding under these agreements at March 31, 1949, after accounting for consolidation of interest accruals totalling \$17.1 million and repayments totalling \$20.2 million, amounted to \$534.5 million.

Figure 1: DISTRIBUTION OF DIRECT CREDIT ADVANCES UNDER PART II OF THE EXPORT CREDITS INSURANCE ACT



The guarantee facilities provided by the legislation were not used as extensively as the provision for direct credits. The aggregate credits guaranteed by the Minister of Finance under guarantee agreements amounted to \$16.2 million. At March 31st, 1949, guarantees outstanding amounted to \$11.7 million.

The following tabulation shows the total credit facilities authorized and extended under Part II of the Act, and the total loans and guarantees outstanding at the end of the fiscal year under report:-

	<u>Direct Credits</u> \$mm	<u>Guaranteed Credits</u> \$mm
Maximum credits authorized by legislation	750	200
Total credit facilities made available by the Canadian Government	594.5	16.2
Direct credits and aggregate guarantees utilized to March 31st, 1949	537.6	15.2
Interest accruals consolidated in loans	17.1	-
Gross loans and guarantees	554.7	15.2
Repayments on loans and guarantees terminated	20.2	3.5
Net loans and guarantees outstanding at March 31st, 1949	534.5	11.7

The Canadian dollars made available to foreign countries through these credit facilities were used by foreign governments, their agencies, or by nationals of the countries concerned solely for making payments for Canadian-produced goods and Canadian services. Records have been kept of purchases made in Canada under programmes being financed in large part from direct credit funds. Payments made under such programmes during the period of four years ending March 31st, 1949, totalled approximately \$730.6 million. Payments for Canadian exports, together with related Canadian services, were distributed over general commodity groups as follows:-

	<u>\$mm</u>
Agricultural and vegetable products	238.5
Iron and its products	132.7
Shipbuilding	104.8
Non-ferrous metals and their products	75.9
Wood, wood products and paper	35.6
Animal and animal products	28.9
Chemicals and allied products	21.9
Non-metallic minerals and their products	9.3
Fibre, textiles and textile products	4.0
Miscellaneous commodities and services	<u>79.0</u>
TOTAL	<u>730.6</u>

Purchases in Canada by countries to which credit facilities were extended under this legislation have, as is indicated above, varied over a wide range of goods, following closely the post-war pattern of Canada's overseas export trade. Foods and other agricultural products, consistent with this pattern and the needs of these countries, have constituted a large portion of the total value of the

programmes, followed in order of magnitude by metal products, shipbuilding, non-ferrous metals, lumber and related products, chemicals, and a wide variety of other export commodities. The effects of the credit facilities in contributing to the maintenance and development of Canada's export trade have been spread over a wide range of Canadian industries and their use has promoted economic activity in every part of Canada where goods are produced for export.

The Objective of Facilitating and Developing Canada's External Trade

A major purpose of making export credit facilities available to foreign countries was to assist in the re-establishment of Canada's commercial export industries in the immediate post-war years and to promote the development of trade between Canada and other countries. This was an essential factor in the policy of the Canadian Government to maintain a high level of employment and income at home during the period when the domestic economy was being re-adjusted from wartime activities to normal peacetime production and trade.

Conditions brought about by the war promoted the expansion of Canada's productive capacity and to some extent the diversification of Canadian industry, but the important characteristics of the structure of the Canadian economy were not altered. The national economy and in particular certain regional economies are geared to export trade, and export trade remained a principal factor in determining prosperity and employment in Canada. During the war, high levels of production, employment and incomes were maintained largely by abnormal demands, and in entering the post-war period exports of those goods which represented purely wartime trade tapered off. High levels of employment and income could only be maintained if the volume of Canadian commercial exports were increased as rapidly as possible and continuing markets for these products assured, particularly during the uncertain period of conversion to peace-time production.

At the end of the war, however, many of the countries which had been Canada's best customers in the past were unable to finance, without some help, imports which Canada was in a position to supply. Devastations inflicted by the war had destroyed or disrupted productive facilities and transportation systems, production and the earnings from exports of these countries were at a low ebb, overseas investments and incomes had been depleted and foreign exchange reserves had been seriously reduced and in some cases completely lost. There was therefore the immediate problem of financing Canadian exports if the objective of maintaining them at a high level was to be accomplished.

During the war, special wartime arrangements had existed in Mutual Aid on the one side and in the Hyde Park Agreement on the other. Because of these arrangements and as a result of particularly heavy Canadian exports of grain and war supplies to the United States during the latter years of the war and United States investments in Canada then and immediately after the war, Canada accumulated substantial exchange reserves. Under these special conditions Canada was in a fair position, in the early years following the war, to undertake to finance through credits a part of the requirements in Canada of overseas customers, within the limits of these foreign exchange resources and the Canadian supply capacity. Credit facilities, however, could not be effectively provided through normal commercial facilities because of the abnormal post-war conditions. Having consideration for all these special circumstances the Canadian Government was authorized to extend export credit facilities to Western Europe and other countries under this legislation and under the special legislation providing for a credit to the United Kingdom. It was not expected, however, that Canada could or should

finance on credit total exports to any one country or group of countries. Accordingly arrangements were made that credits would be used in most cases to finance a portion of total purchases in Canada, thereby assuring Canada of minimum receipts of foreign exchange from these countries for use in meeting its current deficit with the United States. The details of the earlier arrangements and the steps taken to increase the proportion of exports paid for in cash as the ability of the countries to do so improved, are described later in this report.

The export credits provided under this legislation and the credit made available on a larger scale to the United Kingdom have been significant factors in maintaining post-war markets for Canadian products. The average value of total Canadian exports during the last three fiscal years was approximately \$2,766 million. During the last fiscal year total exports exceeded \$3,000 million. In contrast, average total exports during the three fiscal years just prior to the war amounted to \$977 million. The extent to which credits have assisted in sustaining a high level of exports is indicated in Table II, in which Canadian trade during the last four fiscal years with countries to which direct credits have been made available is compared with the amount of credits utilized during the same periods. It should be noted, however, that there is no precise relationship between credits advanced and the value of exports recorded in any specific period. Credit funds have been used to make progress payments on goods for future delivery and for payments of freight and other Canadian services which are not included in export figures. It should also be recalled that, in the earlier post-war years, exports to some borrowing countries were partly financed in varying proportions under Military Relief and UNRRA arrangements, and by Canadian dollars obtained through interim credits and from war settlement payments made by Canada.

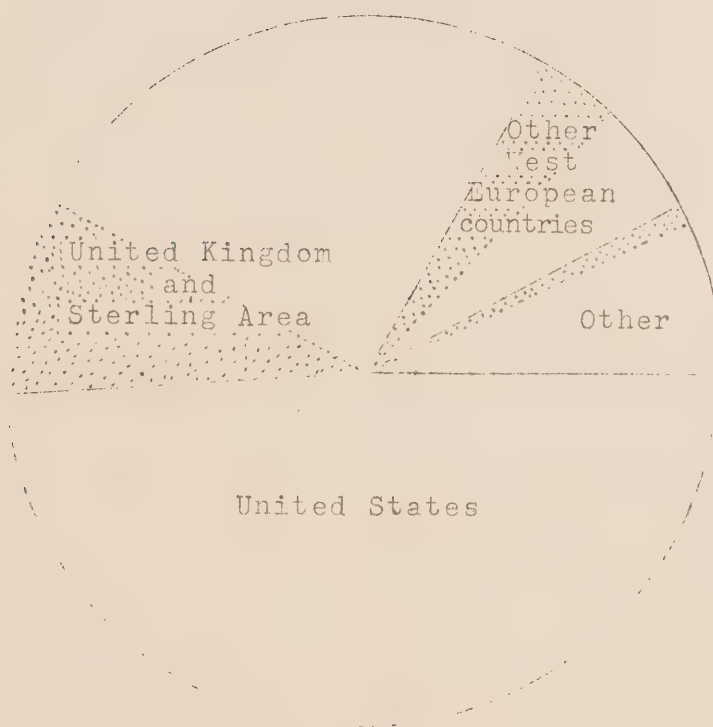
The Need to Assist Overseas Customers

A broader purpose in making export credit facilities available, but nonetheless urgent and more significant in the long term interests of Canada, was to enable Canada's allies, whose economies had been so seriously impaired by the war, to obtain raw materials, food and other commodities which were so urgently required for the rehabilitation and reconstruction of their economies. Many of these countries had been Canada's best customers in the past. The credits made available to them reflected both the desire of Canada to assist countries recuperating from the war and the realization that Canada had a great deal at stake in the re-establishment and development of post-war trade as quickly as possible on a multilateral and stable basis. Of no less importance was the restoration of social and political stability in those countries on which the future well-being and security of Canada so much depended.

The Canadian economy is not only highly specialized as to output and dependent on export markets; it is also dependent on other countries, particularly the United States, for its imports of a wide range of basic commodities, industrial equipment and consumers' goods. European countries and particularly the United Kingdom represent the traditional markets for a large portion of many of Canada's staple exports. Payments by these countries for Canadian exports have in the past been a major source of foreign exchange with which Canada paid for its large surplus of imports from the United States. Over the long run the establishment of normal prosperous trade conditions for Canada depends on the revival of this multilateral pattern of trade. This could only be achieved when the earning capacity of overseas customers had been restored through the re-establishment and expansion of their industrial production and the recovery of their productive efficiency. It was essential that these countries be given maximum assistance in the restoration of their economies to enable them to regain their position in world trade and to become continuing customers and suppliers on a satisfactory basis.

The special factors which enabled Canada to undertake a programme of foreign lending after the war were of necessity limited by the inherent characteristics of the Canadian economy and its international and trade relationships. Within the limits so established Canada acted promptly and effectively in the early post-war years to provide urgently needed exports on credit to allied countries on a comparatively large scale. To the end of the last fiscal year official post-war foreign loans and guarantees by Canada, excluding contributions to the International Monetary Fund and the Bank for Reconstruction and Development, had amounted to approximately \$1,593.6 million. Other financial assistance to foreign countries in the same period, mainly in the form of relief and grants, amounted to approximately \$278 million, making a total of approximately \$1,870 million in Canadian financial assistance abroad for post-war purposes during this period. Of the total advances under direct and guaranteed credits, approximately 94 per cent or \$1,497.4 million was made available to the United Kingdom and other Western European countries. These facilities enabled the borrowing countries to finance on credit a part of their total payments to Canada for goods and services. For illustrative purposes, Figure 2 represents total payments to Canada by all countries for goods and services during the three-year period 1946-1948, i.e. total receipts on current account as included in Canadian Balance of Payments. The shaded segments in this chart indicate the proportion financed by Canadian credits in the case of certain country groups. Approximately 13.2% of total current payments to Canada by all countries was financed by credits during this period. The year 1945 has been excluded from this presentation because, although some credit advances were made during that year, a large portion of international payments were at that time still on a wartime basis. The major portion of credit facilities were utilized during 1946 and 1947 and at a reduced rate during 1948.

Figure 2 TOTAL FOREIGN PAYMENTS FOR CANADIAN GOODS AND SERVICES
PROPORTION FINANCED FROM CANADIAN GOVERNMENT CREDITS
1946-1948, inclusive
(Shaded segments indicate the proportion financed
by credits)



The lending operations under Part II of The Export Credits Insurance Act effectively terminated at the end of 1948. During the lifetime of this credit programme some encouraging progress in economic recovery was achieved in some of the borrowing countries - particularly in Western

Europe. By enabling them to secure imports essential to the restoration of their economies during the difficult interregnum period, the Canadian programme has made a significant contribution. An underlying objective has been to assist Canada's overseas customers to achieve levels of production and standards of efficiency which, in future, will enable them to finance their requirements abroad without extraordinary outside assistance. The fulfilment of this objective, on a basis of maximum freedom in the international exchange of goods and services, is regarded as essential to Canada's economic well-being and to the development of the largest volume of world trade.

2. FOREIGN CREDIT FACILITIES PROVIDED UNDER THE ACT

Part II of The Export Credits Insurance Act, 1944, as amended, on December 18th, 1945, and on August 31st, 1946, permitted the Governor in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, to authorize the Minister of Finance to enter into agreements (a) to provide foreign governments or their agencies with credits to enable them or any person ordinarily resident in such country to pay the cost of Canadian-produced goods or the cost of Canadian services, or (b) to purchase, acquire or guarantee securities issued or guaranteed by foreign governments for the purpose of making such payments, or (c) to guarantee obligations by foreign governments or their agencies under contracts to purchase Canadian goods and services, or (d) to guarantee the guarantee of any foreign government to any person in Canada for payment of the cost of Canadian-produced goods and services. Under this authority agreements have been entered into when such action was deemed advisable for the purpose of facilitating and developing Canada's export trade.

The Act permitted the Governor in Council to authorize the Minister of Finance to enter into agreements for the purposes described above at any time before January 1st, 1948. The aggregate amount of loans to be made and outstanding at any time and the value of securities purchased or acquired and held at any time was not to exceed \$750 million, and the aggregate amount of guarantees outstanding at any time was not to exceed \$200 million.

Lines of credit totalling \$594.5 million were made available during the year 1945 and the early part of 1946 under agreements authorized by the Governor in Council between the Minister of Finance and eight foreign governments. Total loans under these agreements, including loans in respect of accrued interest, amounted to \$554,701,440.11. Details of repayments made and loans outstanding at March 31st, 1949, are given in following sections of this report and set forth in Table IV.

The aggregate amount of guarantees provided during the operation of this legislation amounted to \$16,216,000. Of this sum, guarantees were given in respect of obligations by an agent of a foreign government under contracts with Canadian suppliers to maximum amounts totalling \$3,466,000. By March 31st, 1947, all obligations of the foreign agent under these contracts had been met and no liabilities remained under the guarantee agreements. A further guarantee was given to a group of Canadian banks in respect of credits, not to exceed \$12,750,000, provided by them to a foreign company, the obligations of which were guaranteed by its government and the Canadian Government indemnified against loss under its guarantee. The contingent liability of the foreign government and the Government of Canada under this guarantee amounted, at March 31st, 1949, to \$11,728,835.36. Details of the direct credits to each country and of the guarantee agreements are given in following sections of this report.

3. DIRECT CREDITS TO FOREIGN GOVERNMENTS OR THEIR AGENCIES

A. SUMMARY OF CREDIT ARRANGEMENTS

The main principles followed in working out the arrangements and general terms under which direct credits were made available under this legislation and the pattern of the agreements entered into with the countries concerned have been outlined on several occasions in the House of Commons, particularly in the speech delivered by the Minister of Finance on December 3rd, 1945, and have been reported in detail in previous reports on operations under this Act. For convenience, the more important aspects of these arrangements are summarized in the following paragraphs.

Credits Made Available

The Act as originally passed in August, 1944, enabled the Governor in Council during the three ensuing years, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, to authorize direct loans to foreign governments or their agencies to finance the cost of Canadian-produced goods, if it was deemed advisable for the purpose of facilitating and developing trade or any branch of trade between Canada and any other country. The aggregate amount of loans made and outstanding at any one time was not to exceed \$100,000,000. During the year 1945, the Minister of Finance on the authority of the Governor in Council entered into agreements with five countries under which the total \$100,000,000 authorized by the Act was made available in the form of direct credits to foreign governments or an agency of a foreign government. The credits extended to each country were as follows:- \$19,000,000 to the Government of Czechoslovakia; \$25,000,000 to the Government of the Netherlands; \$13,000,000 to the Government of Norway; \$15,000,000 to the Bank for the Netherlands Indies, an agency of the Government of the Netherlands Indies (now the Government of Indonesia), whose obligations were guaranteed by that Government; and \$25,000,000 to the Government of Belgium.

In December, 1945, Parliament passed an amendment to the Act increasing the aggregate amount of loans which might be made and outstanding at any time and the value of securities which might be purchased or acquired and held at any time from \$100,000,000 to \$750,000,000. The purpose of this amendment, as expressed by the Minister of Finance at that time, was to give the Canadian Government sufficient authority to make loans to allied governments to enable them to purchase supplies from Canada required during the period of reconstruction to repair the damage caused to their countries during the war and re-establish their export trade and normal financial machinery. As consideration was being given at that time to the provision of a credit to the United Kingdom, it was proposed to use most of these funds for loans to countries of Western Europe, and to deal later with the requirements of the United Kingdom and the sterling area generally under separate legislation. Subsequently, by an agreement signed on March 6th, 1946, a credit of \$1,250,000,000 was made available to the United Kingdom to assist that country and the sterling area generally to meet its deficit with Canada during a period of years.

With the increased lending authority under The Export Credits Insurance Act, additional credits totalling \$494,500,000 were made available under new and amending agreements signed during the first six months of 1946. On the basis mainly of arrangements worked out provisionally during the latter part of 1945, the original credit of \$25,000,000 extended to the Government of the Netherlands was increased to \$125,000,000, the credit to the Government of Belgium was increased from \$25,000,000 to \$100,000,000, a credit of \$60,000,000 was made available to the Government of China, the credit to the Government of Norway was increased from \$13,000,000 to \$30,000,000, and a credit of \$242,500,000 was extended to the Government of France. In the case of

France, interim advances, made under the authority of the War Expenditure and Demobilization and Appropriation Acts and later repaid from this credit, had been used to finance purchases made by that Government in Canada from October, 1945, to the time when the credit was made available in April, 1946. Similar arrangements were made in the case of the Netherlands after the first credit had been fully utilized and pending completion of a new agreement increasing the amount of the credit. These additional credits of \$494,500,000 brought the total credits authorized under credit agreements to \$594,500,000. As no further credits were made available after the middle of 1946, and the authority to do so expired on December 31st, 1947, this total represents the aggregate amount of direct credits made available under the provisions of this Act.

Uses Made of Credit Advances

Use of these credits, under the Act as originally passed in 1944, was limited to payments for Canadian-produced goods on purchases made by borrowing governments or their agencies. As it was in the interests of Canadian trade to promote the development of Canadian services, the amendments to the Act in July, 1946, enabled the funds advanced under these credits to be used in making payment for Canadian services as well as Canadian-produced goods. Immediately after the war all major purchases in Canada were made by official missions or agencies of foreign governments. By early 1946 it was considered possible and in the mutual interests of Canada and the countries utilizing these credits to facilitate the revival of private trade and to promote the re-establishment of former trade connections and the formation of new ones. Accordingly the amended Act authorized that the loans made to foreign governments might be made available by them to any persons ordinarily resident in their countries for the purpose of making payments for Canadian goods and services. Suitable adjustments were made in the Canadian Foreign Exchange Control Regulations in December, 1946, to permit exports through private trade channels to these "special arrangement countries" to be sold for Canadian dollars as well as for U.S. dollars, as previously required. By early 1947 the provisions authorized by the amended Act had been incorporated in most of the credit agreements.

Period during which Credits were Available

The original credit agreements, negotiated and signed mainly in the latter part of 1945 and early 1946, provided, in general, that the credits established would be available for use over a period of about two years. The maximum amount of credit extended to each country and the period over which it was made available were determined on the basis of the best possible assessments that could be made at the time of the estimated requirements in Canada of each country, the need of each country for such credits, and the capacity of Canadian production to meet the purchase programmes. It proved, however, that the borrowing countries had difficulties in obtaining supplies most urgently required and in the quantities desired during the periods originally established. In order to enable these countries to continue their programmes of purchases in Canada, the periods during which the credits might be utilized were, at the request of the governments concerned, generally extended by supplementary agreements entered into during the first half of 1947. These arrangements, which had the desirable effect of spreading the period over which the credits were available, deferred the termination of the agreements to the latter part or the end of 1948. In most cases, under special terminal arrangements described in Section 2B of this report, credit funds were drawn before the expiry of the agreements to finance in part the commitments which were made under agreed programmes and which were outstanding at that time. Consequently, direct loans made under Part II of the Act have been utilized over a period extending from early 1945 to the end of 1948 with deliveries in some cases on previous orders extending into the early part of 1949.

Cash Purchases under Related Arrangements

The loans under these credits have been used to finance, in most cases, a portion only of total purchases being made in Canada by the countries concerned. During the past four years credit funds have financed slightly less than half total exports from Canada to countries borrowing under this legislation. The percentage financed by credit during the first two years was, of course, higher and has been considerably reduced during the past two years. In the early post-war years exports to some borrowing countries were partly financed under Military Relief and UNRRA arrangements. The balance of purchases in Canada has been financed in varying proportions by these countries out of their own dollar reserves and dollar earnings, and out of assistance obtained from other sources.

Under arrangements relating to the credit agreements, borrowing countries undertook to finance at least a portion of their requirements in Canada, during the period in which credit funds were being utilized, with Canadian dollars acquired by the sale to Canada of gold or convertible foreign exchange. In most cases it was agreed initially that at least one sixth of the total purchase programs would be financed in this way. Later, in the early part of 1947, when the periods during which credits might be used were extended, this proportion was increased to one half in the case of several countries. This was at a time when these countries were in a relatively better position to increase cash purchases in Canada and when, because of adverse developments in Canada's own foreign exchange position, it was essential to increase export sales for cash.

In the four-year period during which credits have been utilized, the borrowing countries transferred to Canada under these arrangements dollar exchange and gold in amounts totalling \$181.8 million. These funds, together with other cash payments in some cases, were in effect used to finance a portion of the programmes of purchases made under the credit arrangements. The proportions in which these programmes were financed from credit and cash resources to March 31st, 1949, by each country are shown in Table III. Out of total approved payments, amounting to \$730,561,520 reported under these programmes to March 31st, 1949, approximately \$523.6 million, or 71 per cent, were made from credit funds and approximately \$207.0 million, or 29 per cent, from the borrowing countries' own cash resources. Exports to these countries which were not included in the programmes being financed under credit arrangements were, of course, also financed by these countries from their own cash resources.

Programmes of Purchases Financed under Credit Arrangements

When the credits were made available, and from time to time as they were being used, the nature and the scale of the purchases each country proposed making in Canada were examined to see how they fitted in with the Canadian supply position and with the quantities of the various commodities available for export. In some cases where the requirements of the countries concerned were more specifically known, credit arrangements were based on a general schedule of purchases, subject to deletions and additions from time to time by mutual agreement. In general, however, it was difficult for these countries in the early years following the war to know in advance their needs in detail. Also it was difficult to know in advance the circumstances affecting supply. It was felt desirable that the credits should be available to finance those commodities most readily obtainable in Canada and most urgently required by these countries for the rehabilitation and reconstruction of their economies and therefore in no case was the borrower bound in advance to a rigid schedule of purchases. On the other hand, the Canadian Government did not guarantee or offer any priorities in connection with the supply of any commodities. The assistance of Government departments in the working out and carrying out of these programmes was made available if it was desired. Use has been made by these countries especially of the

facilities available through the Canadian Commercial Corporation, the Wheat and Grain Division of the Department of Trade and Commerce and various divisions of the Department of Agriculture. Other purchases were made by agencies of borrowing governments directly from Canadian suppliers and in later years purchases in Canada were made on an increasing scale through private trade channels.

The borrowing countries were asked to furnish to the Department of Trade and Commerce periodic detailed statements listing payments made for Canadian goods and services under the programmes being wholly or partially financed by credits provided under this legislation. As credits were used to finance only a part of the requirements in Canada of these countries - the balance being financed from cash in accordance with the arrangements described above - the programmes covered under this reporting arrangement included purchases financed from both credit and cash resources. These reports enabled the Canadian departments concerned to ensure that eligible payments for Canadian goods and services have been made, during the period credit arrangements are in operation, sufficient to account for credit funds drawn under the agreements and for cash expenditures made in the proportions agreed upon.

Approved payments to March 31st, 1949, by all countries under credit programmes totalled approximately \$730.6 million, of which \$523.6 million was financed from credit advances and the balance, amounting to \$207.0 million, was financed in cash. Table III shows a breakdown by commodity groups of approved payments made by each country for Canadian goods and services under credit arrangements. The statement includes all payments made under these arrangements with the exception, in the case of one or two countries, of some progress payments to be made after March 31st, 1949, on orders placed prior to the termination of the agreements. Table III also presents statistics comparing total payments reported under these arrangements with total Canadian exports to, and imports from, the countries concerned during the period credits were being utilized. A comparison is also made with pre-war trade during the same number of years.

General Form and Terms of Credit Agreements

Details of the agreements entered into with the individual countries under which the credits were made available have been described in previous reports on operations under this legislation. These reports have included copies of each agreement signed, together with Orders in Council authorizing the Minister of Finance to enter into these agreements, and other relevant documents. The general pattern and nature of these agreements is summarized below.

In general, each of the agreements provided that the loans made under the agreement during a specified period of time would be used by the borrowing government, its agencies, or by persons ordinarily resident in that country, to pay the cost of Canadian-produced goods and Canadian services. Funds requisitioned from time to time as required by the borrowing government were paid by the Minister of Finance into the account of that government or its central bank with the Bank of Canada, and in turn withdrawn by that government to make payments to Canadian exporters directly, through Canadian Government procurement agencies or through commercial banks to finance private trade transactions. The agreements provided that interest would accrue on the loans from the date on which each amount was paid by the Minister of Finance into the special accounts of the governments concerned.

The loans bear interest at rates based on the cost at the time to the Canadian Government of borrowing for a period equal to the average duration of the loans. The difference in the rates of interest applicable under the

various agreements depends therefore on the average term of the credit. The borrowing governments were not requested, however, to make interest payments in cash during the period the credits were being drawn upon, where long term credits were involved against which bonds were later to be issued. At the termination of the agreements, and in several cases periodically during the operation of the agreements, total advances made during the period applicable, together with interest accruals to a specified date, were consolidated on that date into one amount called the consolidated debt. The governments concerned issued registered bonds in an agreed form in respect of the full amount of the consolidated debt less any repayments made at the time the debts were consolidated. Payments of principal and interest on the bonds are payable at the office of the Minister of Finance of Canada. Although the bonds initially delivered are appropriate for holding only by the Minister of Finance on behalf of the Government of Canada, provision is made for the exchange of these bonds, if the Canadian Government so desires, into a form that would be negotiable and appropriate for private investors in Canada and elsewhere. The bonds are free from all present and future taxes of the issuing Government except when beneficially owned by a resident of that country, and are subject to redemption as a whole or in part at the option of the borrowing government.

Repayments of the loans are to be made on an instalment basis over a period of years, in some cases up to thirty years. Accordingly, in each instance a series of bonds was issued which mature serially, in approximately equal amounts, annually or semi-annually, over a specified number of years. Interest payments generally are payable semi-annually, from the date of issue of the bonds.

The agreements normally contain a provision that repayments of the loans shall be made in Canadian dollars or in fine gold at the option of the borrowing government, and that during such period as foreign exchange regulations in Canada require that exports from Canada to the borrowing country shall be paid for in Canadian dollars from certain specified or restricted sources or in a specified foreign currency, then any Canadian dollars used in repayment by the borrowing government shall be from such specified or restricted sources or obtained through the sale to Canada of such specified foreign currency, or in such other manner mutually agreed upon. This provision in effect means that Canada requires ultimate payment of the loans in the same manner as she currently requires payment for exports from Canada to the country concerned.

Total consolidated debts incurred under export credit agreements amounted to approximately \$554.7 million. This figure includes total credit advances amounting to \$537.6 million, together with interest accruals to the dates on which the debts were consolidated totalling \$17.1 million. The total aggregate principal amount of bonds issued against these debts amounted to \$550.5 million. At March 31st, 1949, repayments, including cash repayments at the time the debts were consolidated and the redemption of bonds since consolidation, amounted to \$20.2 million, leaving total loans outstanding on March 31st, 1949 of \$534.5 million. Interest payments on bonds issued under credit agreements had totalled \$10.6 million at the same date. Table IV shows a breakdown of these figures in detail for each country.

B. SALIENT FEATURES OF OPERATIONS UNDER THE AGREEMENTS
WITH INDIVIDUAL COUNTRIES DURING THE FISCAL YEAR

(a) Belgium

Under the financial agreement entered into with the Government of Belgium on October 25th, 1945, as amended on May 2nd, 1946, a credit not to exceed \$100,000,000 was made available to that government for use up to June 30th, 1947, in making purchases in

Canada for export to Belgium, the Grand Duchy of Luxembourg, or the Belgian Congo. At June 30th, 1947, the Government of Belgium had drawn \$63,000,000 against the credit. By a supplementary agreement signed on October 24th, 1947, the unused portion of the credit was made available to December 31st, 1948. A further \$5,000,000 was utilized under this supplementary agreement, of which \$1,000,000 was drawn during the fiscal year under report. Total advances to the Government of Belgium during the term of these agreements amounted to \$68,000,000.

Advances made under the supplementary agreement during the period July 1st, 1947, to December 31st, 1948, and interest at the rate of three per cent per annum on each amount from the date it was paid into the account of the National Bank of Belgium with the Bank of Canada to December 31st, 1948, were consolidated into one amount in accordance with the provisions of the agreement. Total advances during this period amounted to \$5,000,000 and interest accruals on these advances to December 31st, 1948, totalled \$135,534.26, making a consolidated debt at December 31st, 1948, of \$5,135,534.26. In recognition of this consolidated debt the Government of Belgium issued and delivered to the Minister of Finance twenty-eight bonds, the aggregate principal amounts of which totalled \$5,135,534.26. These bonds, all dated December 31st, 1948, bear interest at the rate of three per cent per annum payable semi-annually, and mature serially in approximately equal annual amounts over a period of twenty-eight years commencing on June 30th, 1949.

This series was the third series of bonds issued by the Government of Belgium in respect of total debts incurred under these agreements which, including the consolidation of interest accruals, amounted to \$68,843,287.68. On June 30th, 1948, one bond each of the series issued in respect of the consolidated debts at June 30th, 1946, and June 30th, 1947, matured and were redeemed by the Government of Belgium in the total amount of \$2,124,000, bringing total repayments of principal at March 31st, 1949, to \$4,235,753.42. Total bonds outstanding at that date, representing net loans outstanding under these agreements, amounted to \$64,607,534.26. Total semi-annual interest payments by the Government of Belgium during the fiscal year ending March 31st, 1949, on bonds outstanding under the agreements amounted to \$1,816,020.

Under arrangements related to the credit agreements, the Government of Belgium agreed that at least a certain portion of the current requirements of Belgium in Canada, during the period in which the credit arrangements were in operation, would be financed from the proceeds of the sale to Canada of convertible foreign exchange. The minimum use of foreign exchange to be made under these arrangements amounted to \$17,600,000 this sum representing an amount equivalent to 20% of credit funds drawn up to June 30th, 1947, plus an amount equal to credit funds utilized after that date. Total sales of foreign exchange reported by the Government of Belgium and taken into account under this arrangement amounted to \$25,075,000. These funds, together with credit advances of \$68,000,000, make a total programme under credit arrangements of \$93,075,000. Total payments made in Canada for purchases of Canadian goods and services during the period credit arrangements were in operation, which were reported by the Government of Belgium and considered eligible under the Act, amounted to \$116,140,860. A breakdown by commodity groups of these payments is shown in Appendix I to this report.

(b) China

Under the financial agreement entered into on February 7th, 1946, and the supplementary agreement

signed on May 28th, 1947, a credit not to exceed \$60,000,000 was made available to the Government of China to be utilized up to December 31st, 1948. Under arrangements supplementary to these agreements, and outlined in an exchange of letters at the time of signing the first agreement, \$35,000,000 of this credit was to be available to purchase Canadian goods and services for reconstruction and other general post-war purposes in China. Use of the remaining \$25,000,000 was limited to purchases of commodities originally requested by China under Mutual Aid and other surplus war supplies, this being later broadened to include any surplus supplies purchased from War Assets Corporation. The full amount of the \$35,000,000 portion and \$16,037,091.15 of the \$25,000,000 portion of the credit had been advanced at the termination of the agreements on December 31st, 1948, making total advances of \$51,037,091.15.

At the termination of the agreements on December 31st, 1948, deliveries of all purchases approved and included in the programmes being financed from credit funds had not been completed. Consistent with similar arrangements made with other countries, it was agreed that advances of credit funds would be made before the termination of the agreements in respect of estimated outstanding commitments on orders previously placed through the Canadian Commercial Corporation, on the understanding that, should it prove that any credit funds advanced under the agreements and paid to the Canadian Commercial Corporation are not required to meet commitments under the agreed programme, such surplus funds would be effectively refunded by using them to redeem bonds issued by the Government of China under the credit agreements. At March 31st, 1949, estimated uncompleted commitments with the Canadian Commercial Corporation amounted to approximately \$2,255,000.

As provided under the supplementary agreement of May 28th, 1947, advances paid into the account of the Government of China with the Bank of Canada during the period commencing on January 1st, 1948, and ending on December 31st, 1948, together with interest at the rate of three per cent per annum on each advance to December 31st, 1948, were consolidated on that date. Total advances under the \$35,000,000 portion of the credit during this period amounted to \$15,036,120.88 which, together with accrued interest totalling \$219,201.52, made a consolidated amount under this portion of \$15,255,322.40. Under the \$25,000,000 portion advances during this period amounted to \$3,360,881.98 and accrued interest to \$76,384.19, making a consolidated amount under this portion of \$3,437,266.17. The total consolidated debt at December 31st, 1948, under the two portions of the credit in respect of advances made during the period January 1st, 1948, to December 31st, 1948, inclusive, amounted, therefore, to \$18,692,588.57.

In accordance with the terms of the supplementary agreement, the Government of China repaid approximately one-thirtieth of this amount and delivered to the Minister of Finance bonds of a face value equal to the remainder of the consolidated debt at December 31st, 1948. Under the \$35,000,000 portion, payment was made in the amount of \$494,322.40 and twenty-nine bonds issued in respect of the balance in an aggregate principal amount of \$14,761,000; under the \$25,000,000 portion, payment was made in the amount of \$131,266.17 and twenty-nine bonds issued in an aggregate principal amount of \$3,306,000. Both series of bonds are dated December 31st, 1948, bear interest at the rate of three per cent per annum payable semi-annually, and mature serially in approximately equal annual amounts over a period of twenty-nine years, the first bonds falling due on December 31st, 1949.

The first bond of each of the series issued in respect of the consolidated debt at December 31st, 1947, matured on December 31st, 1948. These bonds were redeemed in full by the Government of China, in the amount of \$673,930.00 in respect of bonds issued under the \$35,000,000 portion of the credit and \$456,478.91 in respect of the \$25,000,000 portion. Total repayments of principal by the Government of China during the year under report amounted, therefore, to \$1,755,997.48. Total bonds outstanding at March 31st, 1949, representing the total net loans outstanding at that date, amounted to \$50,460,000. Total interest payments during the year on bonds outstanding amounted to \$1,005,702.26.

Reports by the Government of China to the Department of Trade and Commerce on the uses made of credit advances during the period from the time the credit was made available in February, 1946, to March 31st, 1949, show eligible payments made by the Government of China for Canadian goods and services for reconstruction and other general post-war purposes totalling \$35,200,060, and payments for uncompleted Mutual Aid and other surplus items amounting to \$17,558,200, making total approved payments under the credit programme amounting to \$52,758,260, during this period.

Under arrangements relating to the credit agreement a certain portion of the requirements in Canada of the Government of China and Chinese private importers were to be financed with U.S. dollars or the proceeds of the sale to Canada of convertible foreign exchange. Such cash purchases were to be equivalent in value to at least 20% of credit funds drawn under the agreement. The Government of China has reported in detail a portion of U.S. dollar payments made in Canada by Chinese private importers during the period credit arrangements were in operation. The total value of the purchases reported amounted to approximately \$14,440,000. Cash purchases amounting to several million dollars have also been made in Canada by the Government of China during this period with Canadian dollars acquired by the sale to Canada of convertible foreign exchange. A breakdown by commodity groups of payments under the two portions of the credit and of purchases made in Canada by private Chinese importers are shown in Appendix II to this report.

(c) Czechoslovakia

By an agreement signed on March 1st, 1945, as amended on June 26th, 1945, and June 28th, 1946, and a supplementary agreement entered into on November 26th, 1947, a credit not to exceed \$19,000,000 was made available to the Government of Czechoslovakia to be utilized during the period March 1st, 1945, to December 31st, 1948. At the expiry of the agreement on December 31st, 1948, total credit advances amounted to \$16,348,342.5. In accordance with the supplementary agreement of November 26th, 1947, the advances made during the period commencing on November 27th, 1947, and ending on December 31st, 1948, together with accrued interest during this period at the rate of $2\frac{1}{2}\%$ per annum, was consolidated into one amount. Credit advances during this period amounted to \$5,045,248.93, which, together with accrued interest totalling \$102,732.46, made a consolidated debt of \$5,147,981.39 at December 31st, 1948.

The Government of Czechoslovakia, in recognition of this consolidated debt, delivered five bonds in an aggregate principal amount of \$5,147,981.39, to the Minister of Finance. These bonds, each with a face value of approximately one-fifth of the consolidated debt, bear interest at the rate of $2\frac{1}{2}\%$ per annum payable semi-annually, and mature serially on November 27th in each of the years 1950 to 1954, inclusive. This series of bonds, together with the series issued in respect of the

consolidated debt at November 27th, 1947, in the aggregate principal amount of \$11,525,725.43, makes total bonds outstanding under the agreements of \$16,673,706.82. This sum represents the amount of total loans outstanding at March 31st, 1949. During the fiscal year under report, payments of interest on bonds issued in respect of the consolidated debt at November 27th, 1947, amounted to \$288,143.14.

At the time of signing the supplementary agreement on November 26th, 1947, which, among other things, extended the period during which the credit might be utilized from November 27th, 1947, to December 31st, 1948, the Government of Czechoslovakia undertook to finance from its own foreign exchange resources at least one-half of the payments made under the purchase programme in Canada during the extended period. Credit advances during this period consisted mainly of payments under encumbrances established to meet outstanding commitments on approved orders placed by the Government of Czechoslovakia with the Canadian Commercial Corporation prior to November 27th, 1947. Cash payments were used to finance new orders placed in Canada during this extended period. Because items which Czechoslovakia had planned to purchase during this period were not obtainable in the quantities contemplated, it was difficult to maintain cash purchases on the scale originally undertaken. By March 31st, 1949, however, the Government of Czechoslovakia had reported sales to Canada of foreign exchange or the equivalent, the proceeds of which have been used for current payments in Canada, totalling \$4,648,866, slightly less than total credit funds advanced during this period.

The Government of Czechoslovakia has under agreed arrangements furnished statements of payments made for Canadian goods and services during the period credit arrangements were in operation to account for credit funds drawn and the use made of the proceeds of the sale to Canada of foreign exchange or the equivalent. During the period March 1st, 1945, to December 31st, 1948, total credit advances amounted to \$16,346,342.54. Sales to Canada of foreign exchange or the equivalent, under the special arrangement of November, 1947, have amounted to \$4,648,866, making a total programme of \$20,997,208, to be accounted for. Total payments for Canadian goods and services, reported by the Government of Czechoslovakia to March 31st, 1949, and considered eligible within the requirements of the Act, amounted to \$20,844,560. Outstanding commitments under the programme at that date with the Canadian Commercial Corporation amounted to approximately \$130,000. A breakdown of these payments by commodity groups are shown in Appendix III to this report.

(d) France

Under the agreement entered into on April 9th, 1946, the Government of Canada agreed to lend to the Government of France amounts not exceeding \$242,500,000, to finance not more than 80% of the value of purchases made in Canada for export to France or its territories under an agreed programme from July 20th, 1945, to June 30th, 1947, including orders within the programme which were placed during this period for later delivery. During this period total credit advances amounted to \$171,800,000. Under the supplementary agreement signed on August 20th, 1947, the unused portion of the credit was made available under the same conditions over a period extended to June 30th, 1948.

At the time the credit agreement terminated on June 30th, 1948, the Government of France had substantial outstanding commitments in respect of orders, mainly for ships and related purchases, which were included in the agreed programme and which had been placed through the Canadian Commercial Corporation

prior to June 30th, 1947. It was agreed that credit advances would be made, before the termination of the agreement on June 30th, 1948, sufficient to meet estimated commitments outstanding with the Canadian Commercial Corporation at that time in the proportion agreed to be financed from credit funds, on the understanding that, should any balance remain of this final advance after these commitments had been met, such funds would be effectively refunded through the redemption of bonds issued under the credit agreement. For this purpose a final advance in the amount of \$25,095,000 was made on June 30th, 1948. By March 31st, 1949, the balance of these outstanding commitments had been reduced to an estimated value of approximately \$6,760,000.

In accordance with the agreements, total credit advances to June 30th, 1948, together with accrued interest to that date, were consolidated into one amount. Total advances into the account of the Bank of France with the Bank of Canada during the term of the agreements amounted to \$242,200,000 which, together with accrued interest to June 30th, 1948, totalling \$8,843,900.19, made a consolidated debt at that date amounting to \$251,043,900.19. The Government of France in accordance with the terms of the agreements delivered thirty bonds to the Minister of Finance with an aggregate principal value equal to this consolidated debt. The bonds are all dated June 30th, 1948, bear interest at the rate of three per cent per annum, payable semi-annually, and mature serially in approximately equal annual amounts on December 31st, 1948, and on December 31st in each year thereafter up to and including the year 1977.

The first bond of this series, issued in the amount of \$8,371,900.19 matured on December 31st, 1948, and was redeemed on that date by the Government of France. At the end of the fiscal year bonds outstanding, representing the amount of loans outstanding under these agreements, amounted to \$242,672,000. Semi-annual interest payments on December 31st, 1948, on the bonds issued June 30th, 1948, amounted to \$3,765,658.50.

The credit extended to the Government of France was originally based on a programme of purchases which that country contemplated making in Canada during the period July 20th, 1945, to June 30th, 1947, subsequently extended to June 30th, 1948. Credit funds advanced under the agreements were to be used to finance not more than 80% of purchases made under this programme, the balance being financed by the Government of France in cash. The Government of France has reported in detail all payments made under this programme to March 31st, 1949, and for administrative convenience has included in its statements cash purchases, totalling approximately \$43,000,000, made by that government in Canada during the period April 25th, 1945, to July 20th, 1945. A breakdown by commodity groups of approved payments within this programme from April 25th, 1945, to March 31st, 1949, totalling \$338,368,450, is shown in Appendix IV to this report. As mentioned above, the estimated outstanding commitments at March 31st, 1949, under this programme amounted to approximately \$6,760,000. In addition to cash purchases included in the above figures, the Government of France has made substantial cash purchases in Canada apart from this programme during the same period.

As indicated in the report on operations during the fiscal year 1946-47, the Governor in Council had, prior to the signing of the agreement with the Government of France in April, 1946, and in contemplation of it, authorized purchases to be made by Canadian Government procurement agencies on behalf and at the request of the Government of France, to be financed by interim advances under the authority of Section 3 of the War

Expenditure and Demobilization and Appropriation Acts. The sums expended under this authority on behalf of the Government of France from October, 1945, to April, 1946, totalling \$86,985,135.77, were later fully repaid by that Government from the credit. It was agreed that interest on these interim advances, from the date such advances were made up to the date on which they were repaid from the credit, would accrue at the same rate as specified in the credit agreement and that such interest accruals would be capitalized and bonds issued in respect of this obligation on the same date and on the same terms as those issued under the credit agreement.

In accordance with these arrangements, the Government of France issued and delivered to the Minister of Finance a series of thirty bonds in respect of the total accrued interest on interim advances amounting to \$2,402,411.87. These bonds are all dated June 30th, 1948, bear interest at the rate of three per cent per annum payable semi-annually, and mature serially over a period of thirty years. The first bond of this series, issued in the amount of \$24,411.87, matured on December 31st, 1948, and was redeemed on that date by the Government of France. On the same date payment was made of semi-annual interest on this series of bonds amounting to \$36,036.18.

(c) Netherlands

Under an agreement signed on May 1st, 1945, a credit of \$25,000,000 was made available to the Government of the Netherlands, with the intention that this amount would be increased if and when additional lending authority was granted by Parliament. The maximum credits authorized by the Act were increased from \$100,000,000 to \$750,000,000 by an amendment to the Act in December 1945, and the credit to the Government of the Netherlands was increased to a total of \$125,000,000 under a new agreement signed with that government on February 5th, 1946. The original credit of \$25,000,000 had, however, been utilized by the end of October 1945. In order to enable the Government of the Netherlands to continue its purchasing programme pending the completion of a new agreement, the Governor in Council authorized purchases to be made by Canadian procurement agencies on behalf of the Netherlands Government, financed by interim advances under the authority of the War Expenditure and Demobilization and Appropriation Acts. Total expenditures under these authorities, amounting to approximately \$18,600,000, were later repaid by the Government of the Netherlands from the additional credit. The total credit of \$125,000,000 covered by the agreement of February 5th, 1946, as amended on January 29th, 1947, was originally to be utilized during the period May 1st, 1945 to April 30th, 1947. This period was extended to April 30th, 1948, under the supplementary agreement signed on May 20th, 1947.

At the time when the period during which the credit might be utilized expired, the Netherlands had substantial outstanding commitments under orders placed in Canada chiefly through private trade channels during the period the credit arrangements were in operation. The Government of the Netherlands wished to draw funds under the credit agreement before it expired in an amount which, together with the balance of cash payments yet to be made under the programme, would be sufficient to meet payments to the end of 1948 against these outstanding commitments. As this was considered to be consistent with the spirit and the intent of the credit agreements and related understandings, appropriate arrangements to this effect were worked out. The Government of the Netherlands acquired Canadian dollars by the sale of foreign exchange to meet the balance of its obligation in this respect and a final credit advance in the amount of \$14,000,000 was made on April 30th, 1948, on the basis of these arrangements. Because a

large part of the commitments in question were in respect of orders placed through private trade channels, it was difficult at the time to work out accurate estimates of payments due to be made against these orders before the end of the year. It was agreed, therefore, that the amount of the final credit advance would be calculated on the basis of the estimates then available, on the understanding that the estimates would be confirmed and, if the total final advance was not required in respect of payments due to be made before January 1st, 1949, on confirmed contracts entered into prior to May 1st, 1948, in the proportion agreed to be financed from credit funds, the balance would be effectively refunded by the redemption of bonds issued under the credit agreements.

Total credit funds advanced under the agreement with the Netherlands Government, including the final advance referred to above, amounted to \$118,861,115.54. Total advances, together with accrued interest on such advances at the rate of 3% per annum to April 30th, 1948, amounting to \$5,088,160.43, were consolidated on April 30th, 1948, making a total consolidated debt at that date of \$123,949,275.97. In accordance with the terms of the agreement the Government of the Netherlands delivered to the Minister of Finance thirty bonds in recognition of this consolidated debt. These bonds, each issued in the principal amount of approximately one-thirtieth of the total debt and all dated April 30th, 1948, mature serially on April 30th, in each year from 1950 to 1976, inclusive. The bonds bear interest, payable annually on April 30th, at the rate of $2\frac{3}{4}\%$ per annum on those maturing in the years 1950-1958, 3% per annum on those maturing in the years 1959-1970, and $3\frac{1}{2}\%$ per annum on those maturing in the years 1971-1976.

At the end of 1948 it was found that the original estimates of outstanding commitments of Netherlands importers in Canada at May 1st, 1948, had been high. In accordance with the arrangements outlined above, the Government of the Netherlands applied the unused balance of the final credit advance in the redemption prior to maturity of bonds issued in respect of the consolidated debt at April 30th, 1948. On December 31st, 1948, the first three bonds of the series, those maturing in the years 1950, 1951 and 1952, were redeemed in part, in approximately equal amounts, to a total of \$5,812,703.86. On the same date interest accruals from April 30th, 1948, to the day of redemption on the amounts redeemed were paid in the amount of \$107,296.14. Bonds outstanding at March 31st, 1949, representing the loans outstanding at that date under the agreements with the Government of the Netherlands, amounted to \$118,136,572.11.

Although credit advances under the agreement totalled \$118,861,115.54, the net amount of credit funds drawn and used by the Government of the Netherlands within the credit programme amounted to \$113,048,411.68, when the amount effectively refunded in the manner described above is taken into account. The basis for determining the minimum cash payments to be made under the programme was adjusted accordingly. The Government of the Netherlands has, under agreed arrangements, furnished detailed statements of payments made for Canadian goods and services, during the period credit arrangements were in operation, to account for the use made of credit advances and of the proceeds of the sale of foreign exchange to be spent currently with credit funds. Total net credit advances amounted to \$113,048,411.68, and reported sales of foreign exchange, equivalent at least to 20% of net credit advances, amounted to \$23,467,865. Total payments to December 31st, 1948, for Canadian goods and services, reported by the Government of the Netherlands and considered eligible within the requirements of the Act, amounted to \$135,816,690. A breakdown by commodity groups of

these payments is shown in Appendix V to this report.

(f) Indonesia (Bank for the Netherlands Indies)

A credit of \$15,000,000, available to October 8th, 1948, was extended to the Bank for the Netherlands Indies, an agency of the Government of Indonesia (formerly called the Government of the Netherlands Indies), by an agreement dated October 9th, 1945, and the supplementary agreement signed on October 8th, 1947. The obligations of the Bank for the Netherlands Indies under these agreements were guaranteed by the Government of the Netherlands Indies and, as explained in the report of the last fiscal year, were subsequently guaranteed also by the Government of the Netherlands.

On September 20th, 1948, the Government of the Netherlands advised that, owing to the revision of the Constitution of the Kingdom of the Netherlands proclaimed on that day, the Netherlands Indies would henceforth be known by the name of Indonesia. It was subsequently confirmed by the Government of the Netherlands that there had been no change in the name, powers, or constitution of the Bank for the Netherlands Indies, that the changes in the Constitution did not alter the authority and obligations of that Bank, and that the Government of Indonesia retained all powers and duties that previously belonged to the Government of the Netherlands Indies.

By October 8th, 1948, the full amount of the \$15,000,000 credit had been advanced to the Bank for the Netherlands Indies for use by the Government and residents of Indonesia in making purchases of Canadian goods and services. Total advances during the period commencing on October 9th, 1945, and ending on October 8th, 1948, together with accrued interest at the rate of $2\frac{1}{4}\%$ per annum on each advance to October 8th, 1948, totalling \$452,188.21, were consolidated, making a total consolidated debt at October 8th, 1948, of \$15,452,188.21. The Bank for the Netherlands Indies, in accordance with the terms of the supplementary agreement dated October 8th, 1947, has issued ten bonds in an aggregate amount equal to this consolidated debt. These bonds are endorsed with the guarantee of the Government of the Netherlands and the Government of Indonesia. The bonds, each issued in the principal amount of approximately one-tenth of the consolidated debt, are all dated October 8th, 1948, bear interest at the rate of $2\frac{1}{4}\%$ per annum, payable semi-annually, and mature serially on April 8th, and October 8th, in each of the years 1951 to 1955, inclusive. Payments by the Bank for the Netherlands Indies during the fiscal year in respect of interest due on January 1st, 1949, amounted to \$80,965.23. Loans outstanding at March 31st, 1949, represented by the bonds referred to above, amounted to \$15,452,188.21.

The Government of Indonesia, under arrangements relating to the credit agreement, undertook to finance part of its requirements in Canada, during the period credit funds were being utilized, with Canadian dollars acquired by the sale to Canada of gold or convertible foreign exchange in amounts equal to at least 20% of credit funds drawn. During the period October 9th, 1945 to October 8th, 1948, total credit advances amounted to \$15,000,000. Confirmed sales of foreign exchange, equal to 20% of credit funds drawn, amounted to \$3,000,000, making a total programme of \$18,000,000 to be accounted for. Reported sales of foreign exchange during this period exceeded the agreed minimum by approximately \$1,200,000, this balance being used to finance purchases apart from the agreed programme. Total payments for Canadian goods and services reported by agencies of the Government of Indonesia to March 31st, 1949, and considered eligible within the requirements

of the Act, amounted to \$17,022,230. A breakdown by commodity groups of these payments is shown in Appendix VI to this report. Delays in the compilation of reports, particularly of payments made by private trade, accounts chiefly for the deficiency in total payments reported to March 31st, 1949.

(g) Norway

Under the financial agreement dated June 25th, 1945, as amended on June 6th, 1946, a credit of \$30,000,000 was extended to the Government of Norway for use over a two-year period. During this period total funds drawn under the credit amounted to \$18,856,000. The unused balance was made available for an additional period extending to June 24th, 1948, by a supplementary agreement signed on November 10th, 1947. Total credit advances during this extended period amounted to \$4,476,000.00, this amount including final advances which, together with the agreed portion of cash payments, were sufficient to meet outstanding commitments under the credit programme at the time the agreement terminated.

The advances made during the year ending June 24th, 1948, together with accrued interest at the rate of $2\frac{3}{4}\%$ per annum were consolidated on June 25th, 1948. Total advances during this period amounted to \$4,476,000 which, together with accrued interest of \$22,093.30, made a consolidated debt of \$4,498,093.30. The Government of Norway, in accordance with the terms of the supplementary agreement, delivered nine bonds to the Minister of Finance in recognition of this consolidated debt. These bonds, each issued in the principal amount of approximately one-ninth of the consolidated debt, are all dated June 25th, 1948, bear interest at the rate of $2\frac{3}{4}\%$ per annum, and mature serially on June 25th in each of the years 1951 to 1959 inclusive. These bonds, issued in the aggregate principal amount of \$4,498,093.30, together with the series issued in respect of the consolidated debts at June 25th, 1946, and June 25th, 1947, in the aggregate principal amounts of \$10,123,416.67 and \$9,035,475.10, respectively, represent the total loans outstanding under these agreements, amounting at the end of the fiscal year to \$23,656,985.07. Interest payments during the fiscal year by the Government of Norway on outstanding bonds under the agreement totalled \$590,751.68.

The Government of Norway has under agreed arrangements furnished detailed statements of payments made for Canadian goods and services, during the period credit arrangements were in operation, sufficient to account for total credit funds drawn and the use made of the proceeds of the sale of foreign exchange in the proportion agreed to be spent in Canada currently with credit funds. During the period from June 25th, 1945 to June 24th, 1948, total credit advances amounted to \$23,332,000. Confirmed sales of foreign exchange, equal to 20% of credit funds drawn during the period June 25th, 1945, to June 24th, 1947, and amounts equivalent to credit funds drawn after June 24th, 1947, totalled \$8,247,200, making a total programme to be accounted for of \$31,579,200. Total payments for Canadian goods and services, reported by the Government of Norway and considered eligible within the requirements of the Act, amounted to \$32,304,370. A breakdown by commodity groups of these payments is shown in Appendix VII to this report.

(h) U.S.S.R.

No further advances were made during the fiscal year under the \$3,000,000 credit made available in 1945 to the Government of the U.S.S.R. Total advances under this agreement in earlier years and used to finance the purchase of hydro-electric equipment and engineering services in Canada amounted to

\$2,866,098.69. Interest accruals at the rate of 2% per annum have been paid semi-annually from the time advances under this credit were made; there has been accordingly no consolidation of interest. No bonds are to be issued under this agreement in respect of these advances, the full amount being repayable on August 31st, 1950.

Semi-annual interest payments totalling \$57,321.98 were paid on August 31st, 1948, and February 28th, 1949, in accordance with the terms of the agreement.

4. GOVERNMENT GUARANTEED CREDITS

A. SUMMARY OF GUARANTEES PROVIDED

The second type of credit facility authorized under Part II of The Export Credits Insurance Act, as amended, was Government guaranteed credits. The Governor in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce, was permitted to authorize the Minister of Finance to guarantee obligations undertaken or guaranteed by a foreign government in respect of the payment of the cost of Canadian goods and services, or to guarantee any securities issued or guaranteed by such government to any person in Canada for such payments, if the Canadian government was requested to give such guarantee and was indemnified against loss under the guarantee by the foreign government, and such action was deemed advisable for the purpose of facilitating and developing Canadian trade. The Act limited the aggregate amount of guarantees outstanding at any time to \$200,000,000. The aggregate of such guarantees provided during the operation of this legislation amounted to \$16,216,000; guarantees outstanding at any time, however, were always somewhat less than this amount. The contingent liability of the Government of Canada at March 31st, 1949, under guarantees given under this provision of the legislation amounted to \$11,728,858.36.

In the latter part of 1944 and during 1945, the Minister of Finance, at the request of the Government of the U.S.S.R. and on the authority of the Governor in Council, entered into agreements with six Canadian manufacturers and one business firm acting as consulting engineers to guarantee the obligations of Vesesojusnojo Objedinonije Machinoimport, an agency of that Government, under contracts to purchase hydro-electric equipment and engineering services in connection with the design and inspection of such equipment. The Government of the U.S.S.R. undertook to indemnify the Government of Canada against loss in connection with these guarantees. The nature of these guarantee agreements was described at length in the report on operations under this legislation for the fiscal year 1944-45.

Total guarantees given in respect of these contracts amounted to \$3,466,000. In one or two cases, however, the amount of equipment produced and engineering services rendered under the contracts was somewhat less than the maximum provided and accordingly the actual obligations incurred and the contingent liability under these guarantees at no time reached the figure indicated above. These contracts were financed mainly from the direct credit extended to the Government of the U.S.S.R., and described in Section 2B of this report. By March 31st, 1947, these contracts had been completed and all outstanding liabilities were paid by V.O. Machinoimport, leaving no commitments or liabilities under these guarantee agreements.

The only other guarantee operation under this Part of the Act was the guarantee given by the Minister of Finance in November, 1946, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Ltd., a Chinese corporation, to enable that Company to purchase specially designed ships and other equipment and

services in Canada for use in its shipping operations in China. The Chinese Government guaranteed the obligations of the Company and requested the Government of Canada to do so as well, indemnifying the Canadian Government against loss under the guarantee, as the Act required.

The total credits made available by the banks, under a separate agreement between the banks and the Ming Sung Industrial Company Ltd., are to finance not more than 85% of the programme of purchases in Canada by that Company and are limited to a maximum total of \$12,750,000. The balance of the total programme of \$15,000,000 is being financed in cash by the Company from its own resources. The credits established by the banks through letters of credit and other special credits are drawn upon from time to time to make payments to Canadian shipbuilders and other suppliers. Appropriate measures were established under the Canadian Government guarantee to ensure that these credits are used only for purposes eligible within the requirements of the Act. The securities given by the Ming Sung Industrial Company, Ltd., to the banks for repayment of the amounts advanced under the agreement are guaranteed by the Government of China and the Government of Canada. They bear interest at the rate of 3% per annum, payable quarterly, and are to be repaid in ten equal annual instalments commencing June 30th, 1951.

B. OPERATIONS DURING THE FISCAL YEAR

During the fiscal year under report, commitments under the programme of purchases being made in Canada by the Ming Sung Company were increased by \$2,200,000 to \$15,000,000 a maximum of 85% of which is to be financed from credits established by the Canadian banks.

Credits established by the banks in favour of Ming Sung Industrial Co. Ltd., during the year totalled \$2,492,680. This brought total credits established at March 31st, 1949, to \$12,490,000, against which disbursements totalling \$11,728,858.36 had been made. The contingent liability of the Government of China and the Government of Canada under their guarantees amounted therefore at March 31st, 1949, to \$11,728,858.36. In addition to the expenditures made from credit funds, the Ming Sung Industrial Company, in accordance with the arrangements that at least 15% of the programme would be financed in cash, had put up and expended in cash under their programme approximately \$2,208,000.

ADVANCES TO FOREIGN GOVERNMENTS OR THEIR AGENCIES UNDER DIRECT CREDITS
BY MONTHS AND FISCAL YEARS TO MARCH 31, 1949

Period Covered Available	Belgium	China	Czechoslovakia	France	Netherlands	Indonesia (1)	Norway	U.S.S.R.	Total
	Oct. 25/45 to Dec. 31/48	Oct. 31/45 to Dec. 31/48	Oct. 27/45 to Dec. 31/48	May 2/46 to June 30/48	May 1/45 to Apr. 30/48	Oct. 9/45 to Oct. 9/48	June 25/45 to June 24/48	Aug. 22/45 to Aug. 31/50	
1945-46									
July					5,970,435.10				5,970,435.10
August					12,000,000.00				12,000,000.00
September					7,500,000.00				7,500,000.00
October					7,000,000.00				7,000,000.00
November									
December									
1946-47									
January									
February									
March									
Total 1945-46					182,925.40				182,925.40
1946-48									
April					25,150,000.00				25,150,000.00
May					2,500,000.00				2,500,000.00
June					2,500,000.00				2,500,000.00
July					2,500,000.00				2,500,000.00
August					2,500,000.00				2,500,000.00
September					2,500,000.00				2,500,000.00
October					2,500,000.00				2,500,000.00
November					2,500,000.00				2,500,000.00
December					2,500,000.00				2,500,000.00
1947-48									
January					2,500,000.00				2,500,000.00
February					2,500,000.00				2,500,000.00
March					2,500,000.00				2,500,000.00
Total 1946-47					104,370.00				104,370.00
1947-48									
April					15,000,000.00				15,000,000.00
May					5,000,000.00				5,000,000.00
June					11,000,000.00				11,000,000.00
July					8,800,907.92				8,800,907.92
August					735,739.65				735,739.65
September					3,432,375.00				3,432,375.00
October					6,250,000.00				6,250,000.00
November					3,500,000.00				3,500,000.00
December					6,977,075.95				6,977,075.95
1948-49									
January					5,450,000.00				5,450,000.00
February					3,860,941.97				3,860,941.97
March					51,153,353.61				51,153,353.61
Total 1947-48					156,400,000.00				156,400,000.00
1948-49									
April					4,000,000.00				4,000,000.00
May					5,354,537.65				5,354,537.65
June					2,005,382.48				2,005,382.48
July					3,496,177.58				3,496,177.58
August					3,489,953.99				3,489,953.99
September					3,800,000.00				3,800,000.00
October					3,800,000.00				3,800,000.00
November					2,096,474.56				2,096,474.56
December					1,600,489.97				1,600,489.97
1949-50									
January					4,005,526.91				4,005,526.91
February					122,039.43				122,039.43
March					232,233.94				232,233.94
Total 1948-49					49,945,000.00				49,945,000.00
1949-50									
April					4,150,000.00				4,150,000.00
May					14,021,302.92				14,021,302.92
June					28,940,000.00				28,940,000.00
July					170,566.56				170,566.56
August					45,006.39				45,006.39
September					19,832.80				19,832.80
October					36,935.90				36,935.90
November					1,490,369.94				1,490,369.94
December					1,490,369.94				1,490,369.94
Total 1949-50					3,502,133.38				3,502,133.38
1950-51									
January					11,494,943.69				11,494,943.69
February					1,172,792.43				1,172,792.43
March					16,348,345.54				16,348,345.54
Total 1950-51					29,616,081.66				29,616,081.66
Total Advances to March 31, 1949					242,200,000.00				242,200,000.00
Total Advances to March 31, 1949					14,081,302.92				14,081,302.92
Total Advances to March 31, 1949					13,961,115.54				13,961,115.54
Total Advances to March 31, 1949					23,332,000.00				23,332,000.00
Total Advances to March 31, 1949					2,656,089.69				2,656,089.69
Total Advances to March 31, 1949					537,544,647.52				537,544,647.52

(1) Through the Bank for the Netherlands Indies an agency of the Government of Indonesia (Formerly the Government of the Netherlands Indies)

Table II

Canadian Imports and Exports Compared with Advances under Direct Credits, by Countries

Fiscal Years 1945-46 to 1948-49
(\$ millions)

Country	Average Fiscal years			1945-46			1946-47			1947-48			1948-49		
	Imports	Exports	1935-36 to 1938-39	Imports	Exports	Credit Advanced	Imports	Exports	Credit Advanced	Imports	Exports	Credit Advanced	Imports	Exports	Credit Advanced
Belgium (& Belgian Congo)	6.4	14.8		1.4	53.2	25.0	6.3	53.9	26.0	11.9	56.2	16.0	17.4	32.3	1.0
China	3.5	4.0		.4	11.9	-----	2.6	48.9	19.5	2.1	33.4	20.0	4.0	23.8	11.5
Czechoslovakia	2.3	1.1		.0	8.8	3.2	1.9	9.8	1.7 (1)	3.6	17.4	10.3	5.6	6.3	1.2
France (& Territories)	6.6	9.9		1.3	105.1	82.0 (1)	6.8	80.8	74.4 (1)	8.6	86.4	49.9	14.2	90.9	55.9
Netherlands	3.9	10.9		.7	53.0	40.5 (1)	3.0	33.3	35.8 (1)	3.9	53.0	28.5	6.4	37.2	14.0
Indonesia	.8	.8		.0	3.0	1.8	.1	6.4	3.9	.2	5.8	5.9	2.5	8.0	3.4
Norway	.8	6.5		.6	13.6	9.5	1.4	18.1	8.7	4.6	20.9	1.9	1.2	21.3	3.3
U.S.S.R.	.4	.4		2.2	58.2	2.8	.7	7.6	.1	.1	2.0	-----	.0	.1	-----
Total - Export Credit Countries	24.7	48.3		6.5	306.8	164.8	22.7	258.7	170.0	35.2	275.1	132.6	51.3	219.0	70.2
Total - All Countries	673.0	976.9		1,608.5	2,970.9	164.8	2,089.8	2,388.7	810.0 (3)	2,599.5	2,849.8	500.6 (3)	2,717.4	3,062.2	107.2 (3)

(1) The figures shown for 1945-46 include amounts, in the case of France \$82 million and in the case of the Netherlands \$15.4 millions, representing expenditures incurred on behalf of these countries under Section 3 of the War Expenditure and Demobilization Appropriation Act No. 2, 1945, and paid by these countries out of credit funds during the following year, and the figures for 1946-47 do not include the amounts paid to cover these expenditures incurred in the previous year.

(2) Due to rounding off, the columns may not add to the totals shown.

(3) Includes credits advanced under the United Kingdom Financial Agreement Act, 1946.

Table III

APPROVED PAYMENTS BY COMMODITY GROUPS FOR CANADIAN GOODS AND SERVICES REPORTED UNDER EXPORT CREDIT ARRANGEMENTS (1) BY COUNTRIES
 PAYMENTS DURING THE PERIOD APRIL 1, 1945 TO MARCH 31, 1949
 COMPARISON WITH TOTAL TRADE DURING THE FOUR-YEAR PERIODS ENDING MARCH 31, 1949 AND MARCH 31, 1939.
 (\$ millions)

Commodity or Commodity Groups	Belgium and Luxembourg	Belgium Congo	China	Czechoslovakia	Territories and France	Netherlands	Indonesia	Normy	U.S.S.R.	Total Export Credit Countries
Wheat, Wheat Flour, Other Grains	40.0	17.6	5.0	87.6	44.5	.6	25.9	---	---	231.2
Fresh and Canned Meats	10.3	---	---	5.6	3.4	---	---	---	---	19.3
Canned Fish	1.1	---	---	---	7	1	---	---	---	1.5
Textiles	2.2	1	2	---	6	---	---	---	---	1.5
Hides, Skins, Leather & Products	1.5	1	---	---	7	6	---	---	---	3.4
Hair and Brushes	1.1	---	---	---	---	---	---	---	---	3.4
Rubber and Products	1.1	---	7	4.2	5.7	---	---	---	---	12.5
Other Plant and Animal Products	1.0	1	1	2.2	2.4	2	---	---	---	6.1
Lumber and Products	5	9.5	---	5.8	12.3	---	---	---	---	28.2
Pulp and Paper	---	---	---	1.1	1.1	---	---	---	---	2.4
Wool and Products	4	1.5	---	1.5	1.6	---	---	---	---	5.0
Iron, Steel and General Products	---	7.1	---	96.3	1.4	---	---	---	---	104.8
Automotive and Railway Equipment	3	4.2	---	3.4	5.0	---	---	---	---	12.9
Machinery and Implements	6.9	---	1	37.4	11.3	10.9	3.6	---	---	70.4
Mechanical and Parts (General)	54.7	---	5	5.5	1.3	---	---	---	---	8.1
Aircraft	---	5.3	4	4.1	1.1	1	---	---	---	41.3
Non-Ferrous Metals and Products	3.5	3.7	2	37.3	13.9	2.3	---	---	---	7.8
Electrical Equipment & Batteries	---	1.1	---	8	1.0	---	---	---	---	69.8
Coal	---	1.5	---	---	9	2	1	---	2.9	6.1
Asbestos	---	---	---	---	---	---	---	---	---	1.5
Other Non-Metallic Minerals	8	---	1	5.1	4	---	---	---	---	6.4
Chemicals and Products	---	---	1.1	---	---	---	---	---	---	1.4
Chemicals, Drugs, Pharmaceuticals (Including Fertilizers)	4	3.1	6	10.7	6.6	4	1	---	---	21.9
Miscellaneous Commodities, Freight & Other Services not incl. above	11.4	10.4	1.4	28.5	17.7	2	1.6	---	---	71.2
Total	116.1	67.2	20.8	338.4	135.8	17.0	32.3	2.9	---	730.6
Financed from Credit Advances	56.0	48.2	16.2	236.7	113.0	15.0	23.3	2.9	---	523.6
Financed from Cash	46.1	10.7	4.6	101.7	22.8	2.0	9.0	---	---	207.0
Total Payments Reported under Credit Arrangements, four-year period ending March 31, 1949.	116.1	67.2	20.8	338.4	135.8	17.0	32.3	2.9	---	730.6
Total Trade, four-year period ending March 31, 1949: Exports	195.6	117.9	42.3	363.1	176.5	23.1	73.9	67.9	---	1,060.3
Imports	36.9	9.2	11.2	30.8	14.0	2.9	7.7	3.0	---	115.7
Total Trade, four-year period ending March 31, 1939: Exports	59.4	16.0	4.4	39.6	43.5	3.1	25.8	1.4	---	193.2
Imports	23.5	13.9	9.4	26.6	15.6	3.4	5.0	1.4	---	96.6

(1) Under arrangements relating to the credit agreements with several countries, it was agreed that, in addition to the use of credit funds, at least a certain portion of their requirements in Canada would be financed with cash from the proceeds of current sales to Canada of gold or foreign exchange convertible into gold. The payments reported by these countries and authorized in the above statement represent total payments made under this program both from credit and cash funds. The figures indicating the portion of the payments financed from cash includes, in some cases, payments made from various other Canadian dollar resources in addition to payments made from the proceeds of the sale to Canada of gold or convertible foreign exchange, or the equivalent, in the proportions agreed upon.

(2) Excluding balances held at March 31, 1949, against outstanding commitments under credit programs.

STATEMENT OF TOTAL DEBTS INCURRED BY BORROWING COUNTRIES UNDER DIRECT CREDIT,
REPAYMENTS MADE, AND LOANS OUTSTANDING AT MARCH 31, 1949

TABLE IV

Country	Date of Consolidation	Total Consolidated Debt		Aggregate Principal Amount of Bonds Issued Against Debt	Repayments to March 31, 1949		Total Loans Outstanding at March 31, 1949	Total Interest Payments Made to March 31, 1949
		Credit Advances	Accrued Interest to date of Consolidation		Repayments at date of Consolidation	Total Bonds Redeemed		
Belgium	June 30, 1946	41,000,000.00	459,692.62	41,459,692.62	---	2,763,693.62	30,698,000.00	3,026,370.96
	June 30, 1947	22,000,000.00	241,054.80	22,241,054.80	730,054.80	742,000.00	20,776,000.00	957,100.00
	Dec. 31, 1948	5,000,000.00	135,534.26	5,135,534.26	---	---	5,135,534.26	---
		68,000,000.00	845,287.68	68,845,287.68	730,054.80	3,505,693.62	64,607,534.26	3,983,750.96
China	Dec. 31, 1947	32,640,038.29	383,320.62	33,023,408.91	---	1,130,403.91	32,393,000.00	1,005,702.26
	Dec. 31, 1948	18,397,002.56	295,565.71	18,692,568.57	625,583.57	---	18,067,000.00	---
		51,037,091.15	1,173,906.53	52,211,997.48	625,583.57	1,130,403.91	50,460,000.00	1,005,702.26
Czechoslovakia	Nov. 27, 1947	11,303,095.61	322,631.82	11,625,727.43	---	---	11,525,725.43	315,773.30
	Dec. 31, 1948	5,045,248.93	102,732.46	5,147,981.39	---	---	5,147,981.39	---
		16,348,342.54	325,364.28	16,673,706.82	---	---	16,673,706.82	315,773.30
France	June 30, 1948	242,200,000.00	8,243,900.19	251,043,900.19	---	8,371,900.19	242,672,000.00	3,765,656.50
Netherlands	Apr. 30, 1948	116,861,115.54	5,088,160.43	123,949,275.97	---	5,812,703.26	118,136,572.11	107,296.14
Bank for the Netherlands								
Indies	Oct. 8, 1948	15,000,000.00	452,188.21	15,452,188.21	---	---	15,452,188.21	80,965.23
Norway	June 25, 1946	9,971,000.00	152,416.67	10,123,416.67	---	---	10,123,416.67	700,561.24
	June 25, 1947	8,885,000.00	150,475.10	9,035,475.10	---	---	9,035,475.10	376,797.87
	June 25, 1948	4,476,000.00	22,093.50	4,498,093.50	---	---	4,498,093.50	63,382.16
		23,332,000.00	324,985.07	23,656,985.07	---	---	23,656,985.07	1,141,241.27
U.S.S.R.	---	2,866,090.69	---	2,866,090.69	---	---	2,866,090.69	194,800.41
Totals		537,644,647.92	17,056,792.19	554,701,440.11	1,355,643.57	18,220,711.53	534,525,085.16	10,595,254.07

LIST OF APPENDICES

Appendix I (Belgium)

Approved Payments for Canadian Goods and Services during the Period October 25, 1945 to March 31, 1949, Reported by the Government of Belgium under Credit Arrangements.

Appendix II (China)

Approved Payments for Canadian Goods and Services during the Period February 7, 1946 to March 31, 1949, Reported by the Government of China under Credit Arrangements.

Appendix III (Czechoslovakia)

Approved Payments for Canadian Goods and Services during the Period November 27, 1945 to March 31, 1949, Reported by the Government of Czechoslovakia under Credit Arrangements.

Appendix IV (France)

Approved Payments for Canadian Goods and Services during the Period April 25, 1945 to March 31, 1949, Reported by the Government of France under Credit Arrangements.

Appendix V (Netherlands)

Approved Payments for Canadian Goods and Services during the Period May 1, 1945 to March 31, 1949, Reported by the Government of the Netherlands under Credit Arrangements.

Appendix VI (Indonesia)

Approved Payments for Canadian Goods and Services during the Period October 9, 1945 to March 31, 1949, Reported by Agencies of the Government of Indonesia under Credit Arrangements.

Appendix VII (Norway)

Approved Payments for Canadian Goods and Services during the Period June 25, 1945 to March 31, 1949, Reported by the Government of Norway under Credit Arrangements.

APPENDIX I
(Belgium)

APPROVED PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING
THE PERIOD OCTOBER 25, 1945 to MARCH 31, 1949, REPORTED
BY THE GOVERNMENT OF BELGIUM UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat, Wheat Flour, Other Grains	40,085,710
Meat	10,287,690
Canned Fish	117,520
Seeds	30,340
Linseed Oil	996,980
Rubber and Products	1,114,900
Hides and Skins	928,540
Leather and Leather Products	561,070
Hair and Bristles	85,660
Textiles	2,220,710
Lumber and Products	481,630
Paper and Products	357,220
Iron, Steel and General Products	334,690
Automotive Equipment	6,849,920
Agricultural Machinery and Implements	799,160
Machinery and Parts	34,716,680
Non-ferrous Metals	3,459,380
Electrical Equipment and Batteries	106,610
Asbestos	832,250
Chemicals, Drugs and Pharmaceuticals	345,830
Freight, Commissions and Inspection Charges	9,639,200
Miscellaneous (including items subject to adjustment)	<u>1,789,170</u>
Total	<u>\$ 116,140,860</u>

APPENDIX II
(China)

APPROVED PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING
THE PERIOD FEBRUARY 7, 1946 to MARCH 31, 1949, REPORTED
BY THE GOVERNMENT OF CHINA UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	\$	\$
<u>1. General</u>		
Wheat, Wheat Flour, Other Grains	11,644,100	
Lumber	7,691,270	
Pulp and Paper	225,400	
Machinery	267,320	
Iron and Steel and Products	4,122,950	
Non-ferrous Metals and Products	2,747,970	
Electrical Appliances	974,860	
Fertilizer	2,938,940	
Coal	217,800	
Freight, Commissions, Insurance, etc.	2,274,400	
Miscellaneous	<u>2,095,050</u>	35,200,060
<u>2. Special Items of Uncompleted Mutual Aid, Surplus Equipment and Used Industrial Equipment</u>		
Ammunition Plant	1,693,900	
Surplus Ships, Conversion and Related Services	6,018,200	
Small Arms and Ammunition	3,590,710	
Aircraft (including parts & supplies)	5,255,560	
Machinery	478,110	
Electrical Appliances & Batteries	92,500	
Copper Wire	16,800	
Miscellaneous, Freight, Insurance, etc.	<u>412,420</u>	17,558,200
<u>3. Reported Purchases by Chinese Private Importers</u>		
Wheat, Wheat Flour, Other Grains	5,986,100	
Fish	589,600	
Other Foods	52,750	
Rubber and Products	6,300	
Leather and Leather Goods	58,600	
Hair and Bristles	17,450	
Textiles	47,800	
Lumber	1,849,000	
Ships	1,061,300	
Pulp	238,000	
Paper and Products	1,280,700	
Iron, Steel and General Products	43,500	
Automotive Equipment	177,650	
Machinery	189,500	
Aluminum	525,300	
Other non-ferrous Metals	467,500	
Electrical Appliances	34,950	
Chemicals, Drugs and Pharmaceuticals	112,100	
Fertilizer	75,100	
Coal	1,259,600	
Miscellaneous	<u>367,200</u>	14,440,000
Total		<u>\$67,198,260</u>

Note: The above figures show the cost of the commodities including in some cases freight and other related services.

APPENDIX III
(Czechoslovakia)

APPROVED PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING
THE PERIOD NOVEMBER 27, 1945 to MARCH 31, 1949, REPORTED
BY THE GOVERNMENT OF CZECHOSLOVAKIA UNDER CREDIT
ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat	3,002,280
Flour	553,000
Rye	1,494,500
Wool	167,300
Aluminum	5,230,300
Copper	3,810,840
Nickel	808,100
Zinc	173,400
Cerium Alloy	88,500
Other Non-ferrous Metals	285,900
Asbestos	58,170
Synthetic Rubber	673,800
Agricultural Machinery & Dairy Equipment	476,420
Airplane Engines and Parts	234,700
Machine Tools	155,500
Machinery	142,120
Typewriters	124,900
Auto Spare Parts	58,300
Chemicals, Industrial & Pharmaceutical	636,360
Paraffin Wax	654,300
Electrodes, Graphite and Carbon	477,900
Casein	61,100
Motion Picture Film	239,000
Inland and Ocean Freight	342,650
Miscellaneous Commodities and Services	<u>395,220</u>
Total	<u>\$20,844,560</u>

APPENDIX IV
(France)

APPROVED PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING
THE PERIOD APRIL 25, 1945 to MARCH 31, 1949, REPORTED BY
THE GOVERNMENT OF FRANCE UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	
Wheat, Wheat Flour, Other Grains	87,638,960
Seeds	171,050
Linseed Oil	785,000
Rubber and Products	4,212,780
Meat	5,601,380
Fish	21,180
Dairy Products (Milk)	1,212,090
Horses	907,670
Hides and Skins, Leather and Products	690,000
Textiles	622,010
Lumber and Products	5,758,440
Pulp and Pulpwood	1,049,750
Paper and Products	1,496,150
Shipbuilding, Ships, Dredges, etc.	96,272,480
Iron, Steel and General Products	3,437,350
Automotive Equipment	19,374,940
Locomotives and Rolling Stock	18,008,710
Agricultural Machinery and Implements	5,447,560
Other Machinery and Parts	4,133,740
Non-ferrous Metals	37,328,180
Electrical Equipment and Batteries	797,010
Asbestos	5,097,600
Chemicals, Drugs, Pharmaceuticals	10,725,960
Ocean and Inland Freight, Other Services	12,032,450
Surplus Products through Department of Reconstruction and Supply (Army blankets, boots, greatcoats, etc.)	1,044,720
Miscellaneous	<u>14,501,290</u>
Total	<u>\$338,368,450</u>

Note: The above program includes cash purchases, totalling approximately \$43,000,000 made in Canada by the Government of France during the period April 25, 1945 to July 20, 1945.

APPENDIX V
(Netherlands)

APPROVED PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING
THE PERIOD MAY 1, 1945 to MARCH 31, 1949, REPORTED BY
THE GOVERNMENT OF THE NETHERLANDS UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat, Wheat Flour, Other Grains	44,514,380
Meat	3,358,890
Canned Fish	741,580
Other Foods	668,980
Seeds	1,317,330
Linseed Oil	414,520
Rubber and Products	5,683,800
Hides and Skins	132,920
Leather and Products	177,680
Hair and Bristles	3,228,180
Textiles	767,830
Lumber and Products	12,323,010
Pulp and Pulpwood	1,079,310
Paper and Products	1,566,420
Iron, Steel and General Products	4,982,560
Ships	1,375,670
Automotive Equipment	11,345,890
Agricultural Machinery and Implements	1,269,140
Machinery and Parts (General)	1,086,990
Non-ferrous Metals	13,849,170
Electrical Equipment and Batteries	914,870
Asbestos	404,200
Abrasives	279,030
Chemicals, Drugs & Pharmaceuticals (including fertilizer)	6,589,330
Freight, Commissions and Other Services	5,877,570
Miscellaneous (including items subject to adjustment)	<u>11,867,440</u>
Total	<u>\$135,816,690</u>

APPENDIX VI
(Indonesia)

APPROVED PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING
THE PERIOD OCTOBER 9, 1945 to MARCH 31, 1949, REPORTED
BY AGENCIES OF THE GOVERNMENT OF INDONESIA UNDER CREDIT
ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat, Wheat Flour, Other Grains	564,340
Rubber and Products	14,050
Fish	47,560
Leather and Leather Goods	778,650
Hair and Bristles	56,740
Textiles	71,830
Paper and Paper Products	40,050
School Equipment, Rulers, etc.	20,740
Automotive Equipment	10,894,830
Machinery	117,730
Lamps	47,610
Fabricated Aluminum (Latex Cups)	994,990
Chemicals, Drugs & Pharmaceuticals	168,690
Fertilizer	250,900
Aircraft (Civilian types)	2,341,370
Non-ferrous Metals	4,120
Electrical Appliances & Batteries	230,300
Linseed Oil	172,930
Freight and Miscellaneous	<u>204,800</u>
Total	<u>\$17,022,230</u>

Note: The above figures show the cost of the
commodities, including in some cases
freight and other related services.

APPENDIX VII
(Norway)

APPROVED PAYMENTS FOR CANADIAN GOODS AND SERVICES DURING
THE PERIOD JUNE 25, 1945 to MARCH 31, 1949, REPORTED BY
THE GOVERNMENT OF NORWAY UNDER CREDIT ARRANGEMENTS

<u>Commodity or Commodity Group</u>	<u>\$</u>
Wheat, Wheat Flour, Other Grains	25,905,780
Seeds	52,330
Rubber and Products	838,950
Leather and Leather Goods	27,920
Textiles	14,690
Lumber Products	38,580
Automotive Equipment	3,596,450
Non-ferrous Metals	38,050
Electrical Equipment and Batteries	43,430
Asbestos	15,930
Chemicals, Drugs and Pharmaceuticals	95,130
Freight, Commissions and Other Services	1,510,220
Miscellaneous	<u>126,910</u>
Total	<u>\$32,304,370</u>

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REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1949-50

REPORT ON OPERATIONS UNDER PART II
OF THE EXPORT CREDITS INSURANCE ACT
FISCAL YEAR 1949-50

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The report covering operations during the fiscal year 1948-49 included a comprehensive review of all lending operations under the Export Credit program since its inception.

The attached statement shows payments made during the last fiscal year on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding at March 31, 1950. All payments of principal and interest falling due during the year under report were made, with the exception of payments of principal totalling \$1,462,674.84, and interest totalling \$752,740.12 due by the Government of China on December 31, 1949. The Government of China has made specific arrangements to meet part of these payments. Further arrangements for the purpose of meeting in full the arrears, together with accrued interest, on the payments due December 31, 1949, are being considered by the Government of China.

The contingent liability of the Government of Canada under guarantees given under authority of Part II of The Export Credits Insurance Act amounted at March 31, 1950, to \$12,750,000. The guarantees given by the Government of China and the Minister of Finance of Canada to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese corporation, have been described in previous reports. During the last fiscal year, credits established by the banks in favour of the Ming Sung Company against commitments previously made amounted to \$260,000, bringing total credits established to \$12,750,000, the maximum provided under the guarantee. At March 31, 1950, the full amount of the credits had been disbursed.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING
FISCAL YEAR 1949-50

Country	Bonds Outstanding at March 31st, 1949	Payments of Principal Fiscal Year 1949-50		Bonds Outstanding at March 31st, 1950	Interest Payments Fiscal Year 1949-50	
		Due	Paid		Due	Paid
Belgium	64,607,534.26	2,318,534.26	2,318,534.26	62,289,000.00	1,903,448.01	1,903,448.01
China	50,460,000.00	1,740,000.00	277,325.16	50,182,674.84	1,510,711.43	757,971.31
Czechoslovakia	16,673,706.82			16,673,706.82	417,195.28	417,195.28
France	242,672,000.00	8,368,000.00	8,368,000.00	234,304,000.00	7,279,608.98	7,279,608.98
Indonesia (Bank for the Netherlands Indies)	15,452,188.21			15,452,188.21	347,674.22	347,674.22
Netherlands	118,136,572.11			118,136,572.11	3,524,155.73	3,524,155.73
Norway	23,656,985.07			23,656,985.07	650,567.08	650,567.08
U.S.S.R.	2,866,098.69			2,866,098.69	57,331.09	57,331.09
TOTALS	534,525,085.16	12,426,534.26	10,965,859.42	525,561,225.74	15,690,682.72	14,957,942.59

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REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1951-52

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Report on Operations under Part II
of The Export Credits Insurance Act
Fiscal Year 1951-52

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The report covering operations during the fiscal year 1948-49 included a comprehensive review of all lending operations under the Export Credit program.

The attached statement shows payments made during the fiscal year 1951-52 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding at March 31, 1952. All payments of principal and interest due in the fiscal year ended March 31, 1952, were made, with the exception of an instalment of principal, amounting to \$1,740,000 and interest totalling \$1,504,500.38 due by the Government of China.

The report on operations during the fiscal year 1950-51 reported that the indebtedness in respect of principal and interest owing by the Government of China at December 31, 1950, amounted to \$2,796,700.64; and that, after careful consideration of a request by the Government of China that, in view of financial difficulties which confronted it, payment should be deferred for a time, the Government agreed to defer payment to December 31, 1952. The deferred payment bears interest at 3% per annum. The Government of China requested for the same reason that semi-annual interest amounting to \$746,650.51 due June 30, 1951, and the principal instalment amounting to \$1,740,000 and semi-annual interest amounting to \$757,850.27, due December 31, 1951, be similarly deferred. The Canadian Government, on authority of Orders-in-Council P.C. 3421, dated June 29, 1951, and P.C. 1221, dated March 4, 1952, agreed to defer these payments to December 31, 1952, the deferred amounts to bear interest at 3% per annum. The payments deferred to December 31, 1952, total \$6,041,201.42, of which \$4,186,117.50 represents principal and \$1,855,083.92 interest. The outstanding indebtedness of the Government of China under the loan agreements, including the payments which have been deferred, amounted at December 31, 1951, to \$51,281,201.42.

The contingent liability of the Government of Canada in respect of principal under the guarantees given on authority of Part II of The Export Credits Insurance Act amounted at March 31, 1952, to \$11,475,000. The guarantees given by the Government of China and the Minister of Finance of Canada to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese corporation, have been described in previous reports. The total loans by the banks to the Ming Sung Company amounted to \$12,750,000. The loans bear interest at 3% payable quarterly and mature in ten equal annual instalments, the first of which fell due on June 30, 1951. The outstanding principal amount of the instalment due on June 30, 1951, amounted to \$1,248,174.78. The Company defaulted in the payment of this amount to the banks. Payment was not made by the Government of China, the primary guarantor, and the banks called upon the Canadian Government to implement its guarantee of November 13, 1946. The amount in default with interest to the date of payment, a total of \$1,258,536.33, was accordingly paid to the banks by the Canadian Government on October 9, 1951. The Ming Sung Company defaulted in payment and the banks called upon the Canadian Government to implement its guarantee also in respect of quarterly interest due September 30, 1951, and December 31, 1951. These defaulted payments with interest to date of payment, amounting to \$86,848.32 and \$87,525.84 respectively, have been paid to the banks by the Canadian Government in accordance with its guarantee. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee, as required by The Export Credits Insurance Act.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING
FISCAL YEAR 1951-52

Country	Bonds Outstanding at March 31st, 1951	Payments of Principal Fiscal Year 1951-52		Bonds Outstanding at March 31st, 1952	Interest Payments Fiscal Year 1951-52	
		Due	Paid		Due	Paid
Belgium	\$ 59,982,000.00	\$ 2,307,000.00	\$ 2,307,000.00	\$ 57,675,000.00	\$ 1,764,855.00	\$ 1,764,855.00
China	49,426,117.50	1,740,000.00		49,426,117.50 (1)	1,504,500.38 (2)	
Czechoslovakia	13,320,000.00	3,330,000.00	3,330,000.00	9,990,000.00	325,359.25	325,359.25
France	225,936,000.00	8,368,000.00	8,368,000.00	217,568,000.00	6,778,080.00	6,778,080.00
Indonesia (Bank for the Netherlands Indies)	15,452,188.21	3,092,188.21	3,092,188.21	12,360,000.00	314,420.77	314,420.77
Netherlands	115,400,000.00	2,660,000.00	2,660,000.00	112,820,000.00	3,451,100.00	3,451,100.00
Norway	21,030,126.03	(3)		21,030,126.03	578,328.46	578,328.46
TOTALS	500,626,431.74	21,497,188.21	19,757,188.21	480,869,243.53	14,716,643.86	13,212,143.48

- (1) This amount includes principal of bonds in the amounts \$706,117.50 due December 31, 1949, \$1,740,000 due December 31, 1950, and \$1,740,000 due December 31, 1951, payment of which has been deferred to December 31, 1952.
- (2) Payment of the balance of interest due at December 31, 1950, and semi-annual interest due June 30, 1951, and December 31, 1951 have been deferred to December 31, 1952. All deferred interest payments bear interest at 3 per cent per annum.
- (3) Bonds that matured June 25, 1951 were prepaid June 30, 1950.

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Statistical Finance and Trade

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Publications



REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1952-53

To His Excellency,

The Right Honourable Vincent Massey, C.H.,
Governor General of Canada.

May it please Your Excellency:

The undersigned has the honour
to present to Your Excellency a report on
operations under Part II of The Export Credits
Insurance Act for the fiscal year ended
March 31st, 1953.

All of which is respectfully
submitted.

D. C. Abbott
Minister of Finance.

Ottawa, April 30, 1953.

REPORT ON OPERATIONS UNDER PART II
OF THE EXPORT CREDITS INSURANCE ACT
FISCAL YEAR 1952-53

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The report covering operations during the fiscal year 1948-49 included a comprehensive review of all lending operations under the Export Credit programme.

The attached statement shows payments made during the fiscal year 1952-53 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding at March 31, 1953. Payments of principal and interest due in the fiscal year ended March 31, 1952, were made on all loans with the exceptions reported below in respect of loans to the Government of Czechoslovakia and the Government of China.

Czechoslovakia

The Government of Czechoslovakia defaulted in the payment of the principal instalment of \$3,330,000 and interest amounting to \$33,984.24 due November 27, 1952, and did not pay semi-annual interest amounting to \$83,250.00 due January 1, 1953. The loan to the Government of Czechoslovakia, the total principal amount of which totalled \$16,673,706.82, was, in accordance with the loan agreement, covered by a series of bonds issued by the Government of Czechoslovakia in April 1948 and May 1949. These bonds, which by their terms constitute valid, binding, absolute, unconditional obligations of the Government of the Czechoslovak Republic, bear interest at 2½% per annum payable semi-annually on January 1st and July 1st and mature in five annual instalments which commenced in 1950, the final instalment falling due on November 27, 1954. Principal instalments totalling \$6,683,706.82 which matured prior to November 27, 1952, and all interest payments up to that date were paid when due.

Under the terms of the bonds, if the Government of Czechoslovakia fails to redeem any of the bonds upon maturity, the whole outstanding amount of the loan becomes due and payable at the option of the Minister of Finance of Canada. When the default occurred the Government of Czechoslovakia was requested to make payment but no reply was received. Later the request was repeated and again no reply was received. On March 18, 1953, the Government of Czechoslovakia was informed that in accordance with the terms of the financial agreement and the bonds, the entire principal amount of the outstanding bonds was regarded as due and payable. The Government of Czechoslovakia was requested to make immediate payment of the principal amount of all outstanding bonds, totalling \$9,990,000, together with accrued interest at the rate of 2½% per annum on this amount from July 1, 1952, to date of payment. There has been no response to this request for payment.

China

The report on operations during the fiscal year 1951-52 reported that, on consideration of requests by the Government of China, the Government of Canada agreed to defer to December 31, 1952, principal and interest owing on the loan by the Government of China at December 31, 1950, and payments falling due in 1951, the deferred payments to bear interest at 3% per annum. The payments

deferred to December 31, 1952, total \$6,041,201.42, of which \$4,186,117.50 represents principal and \$1,855,083.92 interest.

Semi-annual interest amounting to \$741,391.76 due June 30, 1952, was not paid, and the Government of China advised that financial circumstances made it impossible to meet the payments due on December 31, 1952. The Government of China was requested to pay the amounts due December 31, 1952, totalling \$9,331,175.73, of which \$5,926,117.50 represents principal and \$3,405,058.23 interest accrued to that date. Payment of these amounts has not been received. The outstanding principal indebtedness of the Government of China under the loan agreements amounted at December 31, 1952, to \$49,426,117.50.

The contingent liability of the Government of Canada in respect of principal under the guarantee given on authority of Part II of The Export Credits Insurance Act amounted at March 31, 1953, to \$10,200,000. The guarantees given by the Government of China and the Minister of Finance of Canada to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese corporation, have been described in previous reports. The total loans by the banks to the Ming Sung Company amounted to \$12,750,000. The loan bears interest at the rate of 3% payable quarterly and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. Default by the Company in respect of the principal instalment due June 30, 1951, and interest payments due September 30, 1951, and December 31, 1951, were reported in the report covering operations in the fiscal year 1951-52. Payment was not made by the Government of China, the primary guarantor, and the banks called upon the Canadian Government to implement its guarantee of November 13, 1946. Payments to the banks by the Canadian Government in accordance with its guarantee amounted to \$1,432,910.49 in respect of defaults in the fiscal year 1951-52. In 1952-53 the Ming Sung Company defaulted in the payment of the principal instalment amounting to \$1,250,000 due June 30, 1952, and on all quarterly interest payments. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee in amounts totalling \$1,607,252.61. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee, as required by The Export Credits Insurance Act.

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DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING
FISCAL YEAR 1952-53

Country	Bonds Outstanding at March 31, 1952	Payments of Principal Fiscal Year 1952-53		Bonds Outstanding at March 31, 1953	Interest Payments Fiscal Year 1952-53	
		Due	Paid		Due	Paid
Belgium	\$ 57,675,000.00	\$ 2,307,000.00	\$ 2,307,000.00	\$ 55,368,000.00	\$ 1,695,645.00	\$ 1,695,645.00
China	49,426,117.50	5,926,117.50 ⁽¹⁾		49,426,117.50	3,405,058.23 ⁽²⁾	
Czechoslovakia	9,990,000.00	3,330,000.00	(3)	9,990,000.00	242,109.24	124,875.00 ⁽³⁾
France	217,568,000.00	8,368,000.00	8,368,000.00	209,200,000.00	6,527,040.00	6,527,040.00
Indonesia (Bank for the Netherlands Indies)	12,360,000.00	3,090,000.00	4,635,000.00 ⁽⁴⁾	7,725,000.00	253,671.77	253,671.77
Netherlands	112,820,000.00	2,660,000.00	2,660,000.00	110,160,000.00	3,377,950.00	3,377,950.00
Norway	21,030,126.03	2,628,765.74	2,628,765.74	18,401,360.29	540,895.57	540,895.57
TOTALS	480,869,243.53	28,309,883.24	20,598,765.74	460,270,477.79	16,042,369.81	12,520,077.34

(1) This amount is sum of bonds totalling \$1,740,000.00 which matured December 31, 1952, and bonds totalling \$4,186,117.50 of earlier maturity payment of which was deferred by agreement to December 31, 1952.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1952-53 amounting to \$1,482,783.53 and interest payments deferred to December 31, 1952 with accrued interest to that date amounting to \$1,922,274.70. Interest is payable on the bonus, or on so much thereof as remains unpaid from time to time, at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

(3) Indicates default in the payment of principal instalment of \$3,330,000.00 due November 27, 1952 and interest payments of \$33,964.24 and \$83,250.00 due November 27, 1952 and January 1, 1953. Interest is payable on the bonds, or on so much thereof as remains unpaid from time to time at the rate of 2 1/2% per annum on January 1st and July 1st in each year until payment thereof in full.

(4) Bonds amounting to \$1,545,000.00 maturing April 8, 1953 were paid on March 18, 1953.

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REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1954-55

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1954-55

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit programme.

The attached statement shows payments made during the fiscal year 1954-55 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding at March 31, 1955. Payments of principal and interest due in the fiscal year ended March 31, 1955 were received on all loans with the exceptions reported below in respect of loans to the Government of Czechoslovakia and the Government of China.

Czechoslovakia

The Report of the fiscal year 1952-53 outlined the default of the Czechoslovakian Government during that fiscal year and reported the request to the Government of Czechoslovakia to make immediate payment of the principal amount of all outstanding bonds, totalling \$9,990,000, together with accrued interest at the rate of 2½% per annum on this amount from July 1, 1952 to the date of payment. By January 1, 1954, the total amount unpaid reached the sum of \$10,369,327.33, made up of the principal amount of \$9,990,000, and interest from July 1, 1952, amounting to \$379,327.33.

In May and June of 1954 discussions between Canada and Czechoslovakia took place concerning, among other things, the repayment by Czechoslovakia of this loan. Czechoslovakia then agreed to pay on December 31, 1954, interest unpaid since July 1, 1952 and subsequently to resume payment of the principal outstanding together with interest to date. On December 31, 1954, payment was received from Czechoslovakia of the sum of \$624,375, which represented interest from July 1, 1952 to December 31, 1954 at 2½% per annum on the unpaid principal of \$9,990,000. The first repayment of principal under the new arrangement is due on June 30, 1955.

China

In the Report on operations during fiscal year 1952-53 it was reported that payments due under the special arrangement for the deferral of principal and interest until December 31, 1952 had not been made. Nothing has been paid on these amounts since the date of that Report nor, as is shown in the table, was any payment made of principal or interest due during the fiscal year 1954-55.

The guarantees given by the Government of China and by the Minister of Finance, on authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The contingent liability of the Government of Canada in respect of principal under the guarantee amounted at March 31, 1955 to \$7,650,000. The total loan to the Ming Sung Company guaranteed by the two Governments amounted to \$12,750,000. The loan bears interest at the rate of 3% payable quarterly, and matures in ten equal annual instalments, the first of which fell

due on June 30, 1951. The Company defaulted on repayments of principal due June 30, 1951, June 30, 1952, June 30, 1953, June 30, 1954 and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$6,127,103.16 of which \$1,524,434.79 was paid during the fiscal year 1954-55. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by The Export Credits Insurance Act.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

FISCAL YEAR 1954-55

Country	Bonds Outstanding at March 31, 1954	Payments of Principal Fiscal Year 1954-55		Bonds Outstanding at March 31, 1955	Interest Payments Fiscal Year 1954-55	
		Due	Paid		Due	Paid
	\$	\$	\$	\$	\$	\$
Belgium	53,061,000.00	2,307,000.00	2,307,000.00	50,754,000.00	1,557,225.00	1,557,225.00
China	49,426,117.50	1,740,000.00 ⁽¹⁾	49,426,117.50	1,482,783.53 ⁽²⁾
Czechoslovakia	9,990,000.00	9,990,000.00 ⁽³⁾	9,990,000.00	624,375.00 ⁽³⁾	624,375.00
France	200,832,000.00	8,368,000.00	8,368,000.00	192,464,000.00	6,024,960.00	6,024,960.00
Indonesia (Bank for the Netherlands Indies)	6,180,000.00	3,090,000.00	3,090,000.00	3,090,000.00	105,573.23	105,573.23
Netherlands	105,570,000.00	4,590,000.00	4,590,000.00	100,980,000.00	3,178,575.00	3,178,575.00
Norway	15,772,594.55	2,628,765.74	5,257,531.48 ⁽⁴⁾	10,515,063.07	396,115.40	376,210.60 ⁽⁴⁾
TOTALS	440,831,712.05	32,713,765.74	23,612,531.48	417,219,180.57	13,369,607.16	11,866,918.83

(1) This amount is the value of the bonds which matured Dec. 31st, 1954. The figure does not include bonds totalling \$7,666,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1954-55. Interest is payable on the bonds or on so much thereof as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof is full.

(3) After the default on payments of principal and interest which occurred in the fiscal year 1952-53, the principal amount of all outstanding bonds was declared due and payable. Interest on the outstanding principal for the period July 1st, 1952 to December 31st, 1954 at 2½% per annum was received December 31st, 1954.

(4) In addition to bonds totalling \$2,628,765.74 which matured June 25th, 1954, the Government of Norway redeemed on September 21st, 1954 bonds in the same amount having a maturity of June 25th, 1955 together with interest at 2½% per annum from July 1st, 1954 to September 21st, 1954 in the amount of \$16,240.73.

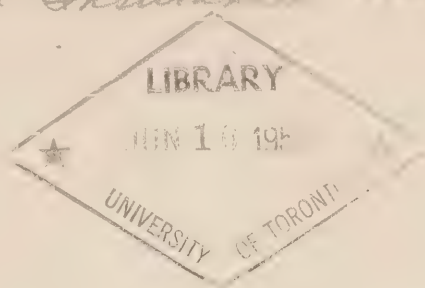
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*Report on operations under Part II of
the Export Credit Insurance Act.*

Government
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To His Excellency,

The Right Honourable Vincent Massey, C.H.,
Governor General of Canada.

May it please Your Excellency:

The undersigned has the honour to
present to Your Excellency a report on operations
under Part II of The Export Credits Insurance Act
for the fiscal year ended March 31st, 1956.

All of which is respectfully submitted.

W. E. Harris

Minister of Finance.

Ottawa, April 26, 1956.

REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1955-56

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1955-56

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1955-56 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1956.

During the fiscal year, the Government of the Republic of Indonesia paid the final instalments on the \$15,000,000 credit extended to it at the end of the war. The Government of Czechoslovakia made the first ~~two~~ repayments of principal under the new arrangement for repayment which was negotiated in May and June of 1954 and which was outlined in last year's Report.

Payments of principal and interest due on all other loans during the fiscal year ended March 31, 1956, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

China

In the Report on operations during the fiscal year 1952-53, it was reported that payments due under the special arrangement for the deferral of principal and interest until December 31, 1952 had not been made. Nothing has been paid on these amounts since the date of that Report nor, as is shown in the table, was any payment made of principal or interest due during the fiscal year 1955-56.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The contingent liability of the Government of Canada in respect of principal under the guarantee amounted at March 31, 1956 to \$6,375,000. The total loan to the Ming Sung Company guaranteed by the two Governments amounted to \$12,750,000. The loan bears interest at the rate of 3% per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company defaulted on repayments of principal due June 30, 1951, June 30, 1952, June 30, 1953, June 30, 1954 and June 30, 1955, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$7,660,860.63 of which \$1,477,135.89 was paid during the fiscal year 1955-56. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by The Export Credits Insurance Act.

Fiscal Year 1955-56

Country	Bonds Outstanding at March 31, 1955	Payments of Principal Fiscal Year 1955-56		Bonds Outstanding at March 31, 1956	Interest Payments Fiscal Year 1955-56	
		Due	Paid		Due	Paid
Belgium	50,754,000.00	2,307,000.00	2,307,000.00	48,447,000.00	1,488,015.00	1,488,015.00
China	49,426,117.50	1,740,000.00 ⁽¹⁾	49,426,117.50	1,482,783.53 ⁽²⁾
Czechoslovakia	9,990,000.00	3,996,000.00 ⁽³⁾	3,996,000.00	5,994,000.00	224,775.00	224,775.00
France	192,464,000.00	8,368,000.00	8,368,000.00	184,096,000.00	5,773,920.00	5,773,920.00
Indonesia (Bank for the Netherlands Indies)	3,090,000.00	3,090,000.00	3,090,000.00	36,048.23	36,048.23
Netherlands	100,980,000.00	4,590,000.00	4,590,000.00	96,390,000.00	3,052,350.00	3,052,350.00
Norway	10,515,063.07 ⁽⁴⁾ ⁽⁴⁾	10,515,063.07	289,164.24	289,164.24
	417,219,180.57	26,719,765.74	22,351,000.00	394,868,180.57	12,347,056.00	10,864,272.47

(1) This amount is the value of the bonds which matured Dec. 31, 1955. The figure does not include bonds totalling \$9,406,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1955-56. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

(3) After the default on payments of principal and interest which occurred in the fiscal year 1952-53, the principal amount of all outstanding bonds was declared due and payable. Technically, the Government of Czechoslovakia is still in default. The amounts shown as due and paid are those due and paid under the arrangements negotiated in 1954.

(4) The bonds, valued at \$2,628,765.74, which were to have matured on June 25, 1955, were redeemed by the Government of Norway on September 21, 1954.

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Report on operations under Part II of
The Export Credits Insurance Act



To His Excellency,

The Right Honourable Vincent Massey, C.H.,

Governor General of Canada.

May it please Your Excellency:

The undersigned has the honour to
present to Your Excellency a report on operations
under Part II of The Export Credits Insurance Act
for the fiscal year ended March 31st, 1957.

All of which is respectfully submitted.

W. E. Harris,
Minister of Finance.

REPORT
on
OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1956-57

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1956-57

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1956-57 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1957.

During the fiscal year, the Government of Czechoslovakia continued to make payments on schedule under the new arrangement for repayment which was negotiated in May and June of 1954 and which was outlined in the Report for 1954-55.

Payments of principal and interest due on all other loans during the fiscal year ended March 31, 1957, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

China

In the Report on operations during the fiscal year 1952-53, it was reported that payments due under the special arrangement for the deferral of principal and interest until December 31, 1952 had not been made. Nothing has been paid on these amounts since the date of

that Report nor, as is shown in the table, was any payment made of principal or interest due during the fiscal year 1956-57.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The contingent liability of the Government of Canada in respect of principal under the guarantee amounted at March 31, 1957 to \$5,100,000. The total loan to the Ming Sung Company guaranteed by the two Governments amounted to \$12,750,000. The loan bears interest at the rate of 3% per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company defaulted on repayments of principal due June 30, 1951, June 30, 1952, June 30, 1953, June 30, 1954, June 30, 1955 and June 30, 1956, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$9,113,651.88, of which \$1,452,791.25 was paid during the fiscal year 1956-57. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by The Export Credits Insurance Act.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1956-57

Country	Bonds Outstanding at March 31, 1956	Payments of Principal Fiscal Year 1956-57		Bonds Outstanding at March 31, 1957	Interest Payments Fiscal Year 1956-57	
		Due	Paid		Due	Paid
Belgium	48,447,000.00	2,307,000.00	2,307,000.00	46,140,000.00	1,418,805.00	1,418,805.00
China	49,426,117.50	1,740,000.00 ⁽¹⁾		49,426,117.50	1,482,783.53 ⁽²⁾	
Czechoslovakia	5,994,000.00	3,996,000.00 ⁽³⁾	3,996,000.00	1,998,000.00	124,875.00	124,875.00
France	184,096,000.00	8,368,000.00	8,368,000.00	175,728,000.00	5,522,880.00	5,522,880.00
Netherlands	96,390,000.00	4,590,000.00	4,590,000.00	91,800,000.00	2,926,125.00	2,926,125.00
Norway	10,515,063.07	2,628,765.74	2,628,765.74	7,886,297.33	251,731.33	251,731.33
	394,868,180.57	23,629,765.74	21,889,765.74	372,978,414.83	11,727,199.86	10,244,416.33

(1) This amount is the value of the bonds which matured Dec. 31, 1956. The figure does not include bonds totalling \$11,146,117.50 which matured earlier and are still unpaid.

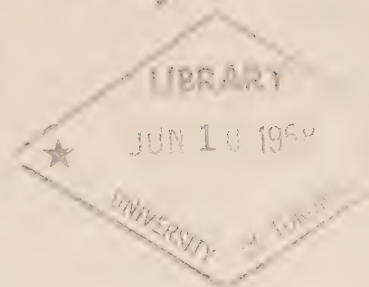
(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1956-57. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

(3) After the default on payments of principal and interest which occurred in the fiscal year 1952-53, the principal amount of all outstanding bonds was declared due and payable. Technically, the Government of Czechoslovakia is still in default. The amounts shown as due and paid are those due and paid under the arrangements negotiated in 1954.

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REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1957-58

To His Excellency,

The Right Honourable Vincent Massey, C.H.,

Governor General of Canada.

May it please Your Excellency:

The undersigned has the honour to present to
Your Excellency a report on operations under Part II of The Export
Credits Insurance Act for the fiscal year ended March 31st, 1958.

All of which is respectfully submitted.

Donald M. Fleming,

Minister of Finance.

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1957-58

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1957-58 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1958.

During the fiscal year, the Government of Czechoslovakia made the last payments due under the new arrangement for repayment which was negotiated in May and June of 1954 and which was outlined in the Report for 1954-55. The loan to Czechoslovakia is now repaid in full.

Payments of principal and interest due on all other loans during the fiscal year ended March 31, 1958, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

China

In the Report on operations during the fiscal year 1952-53, it was reported that payments due under the special arrangement for the deferral of principal and interest until December 31, 1952 had not been made. Nothing has been paid on these amounts since the date of that Report nor, as is shown in the table, was any payment made of principal or interest due during the fiscal year 1957-58.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The contingent liability of the Government of Canada in respect of principal under the guarantee amounted at March 31, 1958 to \$3,825,000. The total loan to the Ming Sung Company guaranteed by the two Governments amounted to \$12,750,000. The loan bears interest at the rate of 3% per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company defaulted on repayments of principal due June 30, 1951, June 30, 1952, June 30, 1953, June 30, 1954, June 30, 1955, June 30, 1956, and on June 30, 1957, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$10,500,105.27, of which \$1,399,868.58 was paid during the fiscal year 1957-58. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by The Export Credits Insurance Act.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1957-58

Country	Bonds Outstanding at March 31, 1957	Payments of Principal Fiscal Year 1957-58		Bonds Outstanding at March 31, 1958	Interest Payments Fiscal Year 1957-58	
		Due	Paid		Due	Paid
Belgium	46,140,000.00	2,307,000.00	2,307,000.00	43,833,000.00	1,349,595.00	1,349,595.00
China	49,426,117.50	1,740,000.00(1)		49,426,117.50	1,482,783.53(2)	
Czechoslovakia	1,998,000.00	1,998,000.00	1,998,000.00	0.00	24,975.00	24,975.00
France	175,728,000.00	8,368,000.00	8,368,000.00	167,360,000.00	5,271,840.00	5,271,840.00
Netherlands	91,800,000.00	4,590,000.00	4,590,000.00	87,210,000.00	2,799,900.00	2,799,900.00
Norway	7,886,297.33	2,628,765.74	2,628,765.74	5,257,531.59	179,242.22	179,440.27(3)
	372,978,414.83	21,631,765.74	19,891,765.74	353,086,649.09	11,108,335.75	9,625,750.27

(1) This amount is the value of the bonds which matured Dec. 31, 1957. The figure does not include bonds totalling \$12,886,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1957-58.

Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

(3) The amount of interest paid exceeded the amount due by \$198.05. An appropriate adjustment will be made in payments falling due during the fiscal year 1958-59.

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Canada, Finance, Dept. of
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Government
Publication



REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1958-59

April 22nd, 1959

To His Excellency,

The Right Honourable Vincent Massey, C.H.,
Governor General of Canada.

May it please Your Excellency:

The undersigned has the honour to present
to Your Excellency a report on operations under Part
II of The Export Credits Insurance Act for the fiscal
year ended March 31st, 1959.

All of which is respectfully submitted.

Donald M. Fleming,

Minister of Finance.

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1958-59

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1958-59 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1959.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1959, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

China

In the Report on operations during the fiscal year 1952-53, it was reported that payments due under the special arrangement for the deferral of principal and interest until December 31, 1952 had not been made. Nothing has been paid on these amounts since the date of that Report nor, as is shown in the table, was any payment made of principal or interest due during the fiscal year 1958-59

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group

of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The contingent liability of the Government of Canada in respect of principal under the guarantee amounted at March 31, 1959 to \$2,550,000. The total loan to the Ming Sung Company guaranteed by the two Governments amounted to \$12,750,000. The loan bears interest at the rate of 3% per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company defaulted on repayments of principal due June 30, 1951, June 30, 1952, June 30, 1953, June 30, 1954, June 30, 1955, June 30, 1956, June 30, 1957 and on June 30, 1958, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$11,861,596.10, of which \$1,361,495.49 was paid during the fiscal year 1958-59. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by The Export Credits Insurance Act.

Direct Loans Payments and Balances Outstanding

Fiscal Year 1958-59

Country	Bonds Outstanding at March 31, 1958	Payments of Principal Fiscal Year 1958-59		Bonds Outstanding at March 31, 1959	Interest Payments Fiscal Year 1958-59	
		Due	Paid		Due	Paid
Belgium	43,833,000.00	2,307,000.00	2,307,000.00	41,526,000.00	1,280,385.00	1,280,385.00
China	49,426,117.50	1,740,000.00 (1)	-----	49,426,117.50	1,482,783.53 ⁽²⁾	-----
France	167,360,000.00	8,368,000.00	8,368,000.00	158,992,000.00	5,020,800.00	5,020,800.00
Netherlands	87,210,000.00	4,590,000.00	4,590,000.00	82,620,000.00	2,673,675.00	2,673,675.00
Norway	5,257,531.59	2,628,765.74	2,628,765.74	2,628,765.85	106,951.16	106,753.11 ⁽³⁾
	353,086,649.09	19,633,765.74	17,893,765.74	335,192,883.35	10,564,594.69	9,081,613.11

(1) This amount is the value of the bonds which matured Dec. 31, 1958. The figure does not include bonds totalling \$14,626,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1958-59. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

(3) The amount of interest paid was less than the amount due by \$198.05. Interest payments made during the fiscal year 1957-58 exceeded those due by a like amount.

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Government
Publications

REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1959-60



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To His Excellency,

Major-General Georges P. Vanier, D.S.O., M.C., C.D.,
Governor-General of Canada.

May it please Your Excellency:

The undersigned has the honour to present to
Your Excellency a report on operations under Part II of
The Export Credits Insurance Act for the fiscal year
ended March 31, 1960.

All of which is respectfully submitted.

Donald M. Fleming,

Minister of Finance.

Ottawa, April 27, 1960.

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1959-60

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1959-60 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1960.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1960, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

China

In the Report on operations during the fiscal year 1952-53, it was reported that payments due under the special arrangement for the deferral of principal and interest until December 31, 1952, had not been made. Nothing has been paid on these amounts since the date of that Report nor, as is shown in the table, was any payment made of principal or interest due during the fiscal year 1959-60.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The contingent liability of the Government of Canada in respect of principal under the guarantee amounted at March 31, 1960 to \$1,275,000. The total loan to the Ming Sung Company guaranteed by the two Governments amounted to \$12,750,000. The loan bears interest at the rate of 3% per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company defaulted on repayments of principal due June 30, 1951, June 30, 1952, June 30, 1953, June 30, 1954, June 30, 1955, June 30, 1956, June 30, 1957, June 30, 1958 and on June 30, 1959, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$13,185,245.72, of which \$1,323,649.62 was paid during the fiscal year 1959-60. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by The Export Credits Insurance Act.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1959-60

<u>Country</u>	<u>Bonds Outstanding at March 31, 1959</u>	<u>Payments of Principal Fiscal Year 1959-60</u>		<u>Bonds Outstanding at March 31, 1960</u>	<u>Interest Payments Fiscal Year 1959-60</u>	
		<u>Due</u>	<u>Paid</u>		<u>Due</u>	<u>Paid</u>
Belgium	41,526,000.00	2,307,000.00	2,307,000.00	39,219,000.00	1,211,175.00	1,211,175.00
China	49,426,117.50	(1) 1,740,000.00	-----	49,426,117.50	(2) 1,482,783.53	-----
France	158,992,000.00	8,368,000.00	8,368,000.00	150,624,000.00	4,769,760.00	4,769,760.00
Netherlands	82,620,000.00	4,590,000.00	4,590,000.00	78,030,000.00	2,547,450.00	2,547,450.00
Norway	2,628,765.85	2,628,765.85	2,628,765.85	Nil	34,660.10	34,660.10
	<u>335,192,883.35</u>	<u>19,633,765.85</u>	<u>17,893,765.85</u>	<u>317,299,117.50</u>	<u>10,045,828.63</u>	<u>8,563,045.10</u>

(1) This amount is the value of the bonds which matured Dec. 31, 1959. The figure does not include bonds totalling \$16,366,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1959-60. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

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CANADA. FINANCE, DEPT.

Government
Publications

REPORT ON OPERATIONS UNDER PART II
OF THE EXPORT CREDITS INSURANCE ACT

1960/61

To His Excellency,

Major-General Georges P. Vanier, D.S.O., M.C., C.D.,
Governor-General of Canada.

May it please your Excellency:



The undersigned has the honour to present to
Your Excellency a report on operations under Part II of
The Export Credits Insurance Act for the fiscal year
ended March 31, 1961.

All of which is respectfully submitted.

Donald M. Fleming,

Minister of Finance.

Ottawa,
April 18, 1961.

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REPORT
ON
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1960-61

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1960-61

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1960-61 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1961.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1961, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

China

In the Report on operations during the fiscal year 1952-53, it was reported that payments due under the special arrangement for the deferral of principal and interest until December 31, 1952, had not been made. Nothing has been paid on these amounts since the date of that Report nor, as is shown in the table, was any payment made of principal or interest due during the fiscal year 1960-61.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports.

The total loan to the Ming Sung Company guaranteed by the two Governments amounted to \$12,750,000. The loan bears interest at the rate of 3% per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company defaulted on repayments of principal due June 30, 1951, June 30, 1952, June 30, 1953, June 30, 1954, June 30, 1955, June 30, 1956, June 30, 1957, June 30, 1958, June 30, 1959, and on June 30, 1960, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$14,470,310.00, of which the final instalment of \$1,285,064.28 was paid during the fiscal year 1960-61. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by The Export Credits Insurance Act.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1960-61

<u>Country</u>	Bonds Outstanding at March 31, 1960	Payments of Principal Fiscal Year 1960-61		Bonds Outstanding at March 31, 1961	Interest Payments Fiscal Year 1960-61	
		<u>Due</u>	<u>Paid</u>		<u>Due</u>	<u>Paid</u>
Belgium	39,219,000.00	2,307,000.00	2,307,000.00	36,912,000.00	1,141,965.00	1,141,965.00
China	49,426,117.50	(1) 1,740,000.00	-----	49,426,117.50	(2) 1,482,783.53	-----
France	150,624,000.00	8,368,000.00	8,368,000.00	142,256,000.00	4,518,720.00	4,518,720.00
Netherlands	78,030,000.00	4,590,000.00	4,590,000.00	73,440,000.00	2,409,750.00	2,409,750.00
	<u>317,299,117.50</u>	<u>17,005,000.00</u>	<u>15,265,000.00</u>	<u>302,034,117.50</u>	<u>9,553,218.53</u>	<u>8,070,435.00</u>

(1) This amount is the value of the bonds which matured Dec. 31, 1960. The figure does not include bonds totalling \$18,106,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1960-61. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

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Canada. Finance, Dept.

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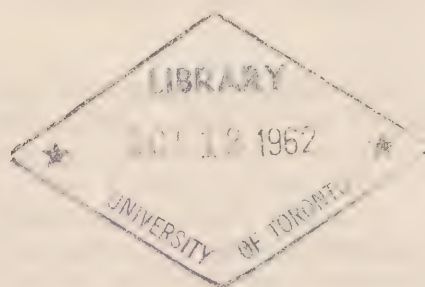
on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1961-62



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Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1961-62

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1961-62 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1962.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1962, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

China

In the Report on operations during the fiscal year 1952-53, it was reported that payments due under the special arrangement for the deferral of principal and interest until December 31, 1952, had not been made. Nothing has been paid on these amounts since the date of that Report nor, as is shown in the table, was any payment made of principal or interest due during the fiscal year 1961-62.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports.

The total loan to the Ming Sung Company guaranteed by the two Governments amounted to \$12,750,000. The loan bears interest at the rate of 3% per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company has defaulted on all repayments of principal, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$14,470,310.00, of which the final instalment was paid during the fiscal year 1960-61. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by The Export Credits Insurance Act.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1961-62

<u>Country</u>	<u>Bonds Outstanding at March 31, 1961</u>	<u>Payments of Principal Fiscal Year 1961-62</u>		<u>Bonds Outstanding at March 31, 1962</u>	<u>Interest Payments Fiscal Year 1961-62</u>	
		<u>Due</u>	<u>Paid</u>		<u>Due</u>	<u>Paid</u>
Belgium	36,912,000.00	2,307,000.00	2,307,000.00	34,605,000.00	1,072,755.00	1,072,755.00
China	49,426,117.50	(1)1,740,000.00	-----	49,426,117.50	(2)1,482,783.53	-----
France	142,256,000.00	8,368,000.00	8,368,000.00	133,888,000.00	4,267,680.00	4,267,680.00
Netherlands	73,440,000.00	4,590,000.00	4,590,000.00	68,850,000.00	2,272,050.00	2,272,050.00
	<u>302,034,117.50</u>	<u>17,005,000.00</u>	<u>15,265,000.00</u>	<u>286,769,117.50</u>	<u>9,095,268.53</u>	<u>7,612,485.00</u>

(1) This amount is the value of the bonds which matured Dec. 31, 1961. The figure does not include bonds totalling \$19,846,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1961-62. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

Canada. Finance, Department of
Report on
OPERATIONS UNDER → Part II

To His Excellency,

Major-General Georges P. Vanier, D.S.O., M.C., C.D.,
Governor-General of Canada.

(May it please your Excellency:)

(The undersigned has the honour to present to)
(Your Excellency a) report on operations under Part II of
The Export Credits Insurance Act for the fiscal year
ended March 31, 1963.)

(All of which is respectfully submitted.)

Walter L. Gordon

Minister of Finance.



Ottawa,
April 29, 1963.

REPORT

on

OPERATIONS UNDER PART II

of

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1962-63

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1962-63

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1962-63 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1963.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1963, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and the Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by the Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments are not scheduled to be renewed until fiscal year 1970-71.

China

Under authority of the Export Credits Insurance Act the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. China redeemed \$277,325.16 of the outstanding debt during fiscal year 1949-50 and a further \$756,557.34 during fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53 it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1962-63.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.

The loan bears interest at the rate of 3% per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company has defaulted on all repayments of principal, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China, the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$14,470,310.00, of which the final instalment was paid during the fiscal year 1960-61. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1962-63

<u>Country</u>	<u>Bonds Outstanding at March 31, 1962</u>	<u>Payments of Principal Fiscal Year 1962-63</u>		<u>Bonds Outstanding at March 31, 1963</u>	<u>Interest Payments Fiscal Year 1962-63</u>	
		<u>Due</u>	<u>Paid</u>		<u>Due</u>	<u>Paid</u>
Belgium	34,605,000.00	2,307,000.00	2,307,000.00	32,298,000.00	1,003,545.00	1,003,545.00
China	49,426,117.50 (1)	1,740,000.00	-----	49,426,117.50 (2)	1,482,783.53	-----
France	133,888,000.00	8,368,000.00	66,944,000.00	66,944,000.00	3,073,004.61	3,073,004.71
Netherlands	68,850,000.00	4,590,000.00	36,720,000.00	32,130,000.00	2,548,959.04	2,548,959.04
	286,769,117.50	17,005,000.00	105,971,000.00	180,798,117.50	8,108,292.18	6,625,508.75

(1) This amount is the value of the bonds which matured Dec. 31, 1962. The figure does not include bonds totalling \$21,586,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1962-63. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 31st in each year until payment thereof in full.

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Government
Publications

To His Excellency,

~~Major~~ General The Right Honourable Georges P. Vanier,
D.S.O., M.C., C.D.,

Governor-General of Canada.

May it please your Excellency:

(The undersigned has the honour to present)
(to Your Excellency a) report on operations under Part II
of The Export Credits Insurance Act for the fiscal year
ended March 31, 1964.

All of which is respectfully submitted.

Walter L. Gordon.

Minister of Finance.

Ottawa,
April 29, 1964.



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REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1963-64

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1963-64

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1963-64 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1964.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1964, were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and the Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by the Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments are not scheduled to be renewed until fiscal year 1970-71.

China

Under authority of the Export Credits Insurance Act the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. China redeemed \$277,325.16 of the outstanding debt during fiscal year 1949-50 and a further \$756,557.34 during fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53 it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1963-64.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.00. The loan bears interest at the rate of 3 per cent per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company has defaulted on all repayments of principal, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China,

the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$14,470,310.00, of which the final instalment was paid during the fiscal year 1960-61. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1963-64

<u>Country</u>	Bonds Outstanding at March 31, 1963	Payments of Principal Fiscal Year 1963-64		Bonds Outstanding at March 31, 1964	Interest Payments Fiscal Year 1963-64	
		<u>Due</u>	<u>Paid</u>		<u>Due</u>	<u>Paid</u>
Belgium	32,298,000.00	2,307,000.00	2,307,000.00	29,991,000.00	934,335.00	934,335.00
China	49,426,117.50	(1) 1,740,000.00	- - - - -	49,426,117.50	(2) 1,482,783.53	- - - - -
France	66,944,000.00	- - - - -	- - - - -	66,944,000.00	2,008,320.00	2,008,320.00
Netherlands	32,130,000.00	- - - - -	- - - - -	32,130,000.00	1,032,750.00	1,032,750.00
	<u>180,798,117.50</u>	<u>4,047,000.00</u>	<u>2,307,000.00</u>	<u>178,491,117.50</u>	<u>5,458,188.53</u>	<u>3,975,405.00</u>

(1) This amount is the value of the bonds which matured December 31, 1963. The figure does not include bonds totaling \$23,326,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1963-64. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 30th in each year until payment thereof in full.

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Canada. Finance, Dep

REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1964-65



Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1964-65

All lending operations under Part II of The Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1964-65 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1965.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1965 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and the Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by the Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments are not scheduled to be renewed until fiscal year 1970-71.

China

Under authority of the Export Credits Insurance Act the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. China redeemed \$277,325.16 of the outstanding debt during fiscal year 1949-50 and a further \$756,557.34 during fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53 it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1964-65.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.00. The loan bears interest at the rate of 3 per cent per annum payable quarterly, and matures in ten equal annual instalments, the first of which fell due on June 30, 1951. The Company has defaulted on all repayments of principal, and on interest payments due September 30, 1951 and subsequently. Payment was not made by the Government of China,

the primary guarantor, and the banks have called upon the Canadian Government to implement its guarantee. These defaulted amounts with interest to date of payment have been paid to the banks by the Canadian Government in accordance with its guarantee. They total \$14,470,310.00, of which the final instalment was paid during the fiscal year 1960-61. The Government of China undertook in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1964-65

Country	Bonds Outstanding at March 31, 1964	Payments of Principal Fiscal Year 1964-65		Bonds Outstanding at March 31, 1965	Interest Payments Fiscal Year 1964-65	
		Due	Paid		Due	Paid
Belgium	29,991,000.00	2,307,000.00	2,307,000.00	27,684,000.00	865,125.00	865,125.00
China	49,426,117.50	(1) 1,740,000.00	- - - - -	49,426,117.50	(2) 1,482,783.53	- - - - -
France	66,944,000.00	- - - - -	- - - - -	66,944,000.00	2,008,320.00	2,008,320.00
Netherlands	32,130,000.00	- - - - -	- - - - -	32,130,000.00	1,032,750.00	1,032,750.00
	178,491,117.50	4,047,000.00	2,307,000.00	176,184,117.50	5,388,978.53	3,906,195.00

(1) This amount is the value of the bonds which matured December 31, 1964. The figure does not include bonds totalling \$25,066,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1964-65. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 30th in each year until payment thereof in full.

Canada. Finance, Dept. of

Report on operations under Part II
of the Export Credits Insurance Act

(THE HONOURABLE MITCHELL SHARP

MINISTER OF FINANCE)

SIR:

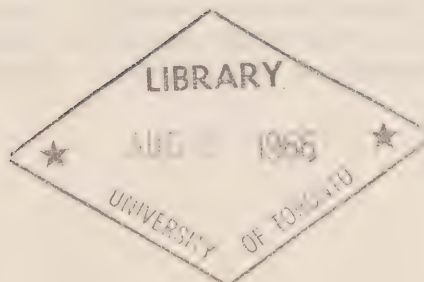
IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 27
OF THE EXPORT CREDITS INSURANCE ACT, I HAVE THE HONOUR TO
SUBMIT TO YOU THE REPORT ON THE OPERATIONS UNDER PART II
OF THE ACT FOR THE FISCAL YEAR 1965-66.

RESPECTFULLY SUBMITTED,

R.B. BRYCE

DEPUTY MINISTER OF FINANCE

OTTAWA, APRIL 20, 1966.



Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1965-66

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1965-66 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1966.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1966 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and the Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by the Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments are not scheduled to be renewed until fiscal year 1970-71.

China

Under authority of the Export Credits Insurance Act the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. China redeemed \$277,325.16 of the outstanding debt during the fiscal year 1949-50 and a further \$756,557.34 during the fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53 it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of the Report, nor as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1965-66.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of The Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.00, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its

guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to date of payment totalled \$14,470,310.00 and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1965-66

Country	Bonds Outstanding at March 31, 1965	Payments of Principal Fiscal Year 1965-66		Bonds Outstanding at March 31, 1966	Interest Payments Fiscal Year 1965-66	
		Due	Paid		Due	Paid
Belgium	27,684,000.00	2,307,000.00	2,307,000.00	25,377,000.00	795,915.00	795,915.00
China	49,426,117.50	(1) 1,740,000.00		49,426,117.50	(2) 1,482,783.53	
France	66,944,000.00			66,944,000.00	2,008,320.00	2,008,320.00
Netherlands	32,130,000.00			32,130,000.00	1,032,750.00	1,032,750.00
	176,184,117.50	4,047,000.00	2,307,000.00	173,877,117.50	5,319,768.53	3,836,985.00

(1) This amount is the value of the bonds which matured December 31, 1965. The figure does not include bonds totalling \$26,806,117.50 which matured earlier and are still unpaid.

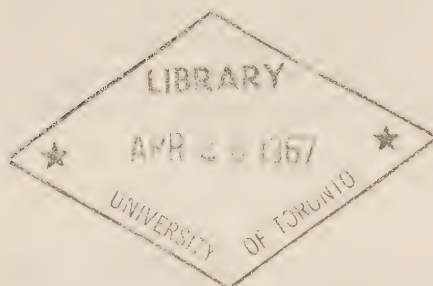
(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1965-66. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 30th in each year until payment thereof in full.

The Honourable Mitchell Sharp,
Minister of Finance.

Sir:

In accordance with the requirements of section 27 of the Export Credits Insurance Act, I have the honour to submit to you the report on the operations under Part II of the Act for the fiscal year 1966-67.

Respectfully submitted,



R. B. Bryce
Deputy Minister of Finance

Ottawa, April 4, 1967.

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1966-67

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1966-67 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1967.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1967 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and the Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by the Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments are not scheduled to be renewed until fiscal year 1970-71.

China

Under authority of the Export Credits Insurance Act the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. China redeemed \$277,325.16 of the outstanding debt during the fiscal year 1949-50 and a further \$756,557.34 during the fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53 it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1965-66.

...

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of the Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.00, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to day of payment totalled \$14,470,310.00 and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1966-67

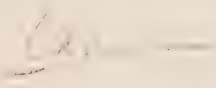
<u>Country</u>	<u>Bonds Outstanding at March 31, 1966</u>	<u>Payments of Principal Fiscal Year 1966-67</u>		<u>Bonds Outstanding at March 31, 1967</u>	<u>Interest Payments Fiscal Year 1966-67</u>	
		<u>Due</u>	<u>Paid</u>		<u>Due</u>	<u>Paid</u>
Belgium	25,277,000.00	2,307,000.00	2,307,000.00	23,070,000.00	726,705.00	726,705.00
China	49,426,117.50	1,482,783.53	-	49,426,117.50	(2) 1,482,783.53	-
France	66,944,000.00	-	-	66,944,000.00	2,008,320.00	2,008,320.00
Netherlands	32,130,000.00	-	-	32,130,000.00	1,032,750.00	1,032,750.00
	<u>173,877,117.50</u>	<u>4,047,000.00</u>	<u>2,307,000.00</u>	<u>171,570,117.50</u>	<u>5,250,558.53</u>	<u>3,767,775.00</u>

- (1) This amount is the value of the bonds which matured December 31, 1966. The figure does not include bonds totalling \$28,546,117.50 which matured earlier and are still unpaid.
- (2) This amount is the sum of semi-annual interest payments due in the fiscal year 1966-67. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 30th in each year until payment thereof in full.

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REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1967-68




MINISTER OF FINANCE

Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1967-68

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1967-68 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1968.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1968 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and the Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by the Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments are not scheduled to be renewed until fiscal year 1970-71.

China

Under authority of the Export Credits Insurance Act the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. China redeemed \$277,325.16 of the outstanding debt during the fiscal year 1949-50 and a further \$756,557.34 during the fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53 it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1967-68.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of the Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.00, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to date of payment totalled \$14,470,310.00 and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1967-68

<u>Country</u>	Bonds Outstanding at <u>March 31, 1967</u>	<u>Payments of Principal</u> Fiscal Year 1967-68		Bonds Outstanding at <u>March 31, 1968</u>	<u>Interest Payments</u> Fiscal Year 1967-68	
		<u>Due</u>	<u>Paid</u>		<u>Due</u>	<u>Paid</u>
Belgium	23,070,000.00	2,307,000.00	2,307,000.00	20,763,000.00	657,495.00	657,495.00
China	49,426,117.50	(1) 1,740,000.00	-----	49,426,117.50	(2) 1,482,783.53	-----
France	66,944,000.00	-----	-----	66,944,000.00	2,008,320.00	2,008,320.00
Netherlands	32,130,000.00	-----	-----	32,130,000.00	1,032,750.00	1,032,750.00
	-----	-----	-----	-----	-----	-----
	171,570,117.50	4,047,000.00	2,307,000.00	169,263,117.50	5,181,348.53	3,698,565.00
	-----	-----	-----	-----	-----	-----

(1) This amount is the value of the bonds which matured December 31, 1967. The figure does not include bonds totalling \$30,286,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1967-68. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 30th in each year until payment thereof in full.

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REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1968-69



Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1968-69

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1968-69 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1969.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1969 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and the Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by the Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments are not scheduled to be renewed until fiscal year 1970-71.

China

Under authority of the Export Credits Insurance Act the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, the total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949-50 and a further \$756,557.34 during fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53 it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1968-69.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of the Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.00, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest

payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to date of payment totalled \$14,470,310.00 and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1968-69

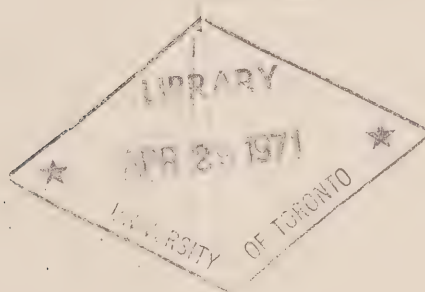
Country	Bonds Outstanding at March 31, 1968	Payments of Principal Fiscal Year 1968-69		Bonds Outstanding at March 31, 1969	Interest Payments Fiscal Year 1968-69	
		Due	Paid		Due	Paid
Belgium	20,763,000.00	2,307,000.00	2,307,000.00	18,456,000.00	588,285.00	588,285.00
China	49,426,117.50	(1) 1,740,000.00	-----	49,426,117.50	(2) 1,482,783.53	-----
France	66,944,000.00	-----	-----	66,944,000.00	2,008,320.00	2,008,320.00
Netherlands	32,130,000.00	-----	-----	32,130,000.00	1,032,750.00	1,032,750.00
	169,263,117.50	4,047,000.00	2,307,000.00	166,956,117.50	5,112,138.53	3,629,355.00

- (1) This amount is the value of the bonds which matured December 31, 1968. The figure does not include bonds totalling \$32,026,117.50 which matured earlier and are still unpaid.
- (2) This amount is the sum of semi-annual interest payments due in the fiscal year 1968-69. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 30th in each year until payment thereof in full.

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Government
Publications

REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1969-70



Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1969-70

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1969-70 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1970.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1970 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and the Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by the Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments are not scheduled to be renewed until fiscal year 1970-71.

China

Under authority of the Export Credits Insurance Act the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, the total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949-50 and a further \$756,557.34 during fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53 it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1969-70.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of the Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.00, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest

payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to date of payment totalled \$14,470,310.00 and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61.

Direct Loans - Payments and Balances Outstanding

Fiscal Year 1969-70

Country	Bonds Outstanding at March 31, 1969	Payments of Principal Fiscal Year 1969-70		Bonds Outstanding at March 31, 1970	Interest Payments Fiscal Year 1969-70	
		Due	Paid		Due	Paid
Belgium	18,456,000.00	2,307,000.00	2,307,000.00	16,149,000.00	519,075.00	519,075.00
China	49,426,117.50	(1) 1,740,000.00	-----	49,426,117.50	(2) 1,482,783.53	-----
France	66,944,000.00	-----	-----	66,944,000.00	2,008,320.00	2,008,320.00
Netherlands	32,130,000.00	-----	-----	32,130,000.00	1,032,750.00	1,032,750.00
	166,956,117.50	4,047,000.00	2,307,000.00	164,649,117.50	5,042,929.53	3,560,145.00

(1) This amount is the value of the bonds which matured December 31, 1969. The figure does not include bonds totalling \$33,766,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1969-70. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30th and December 30th in each year until payment thereof in full.

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SP-283-1/139

Publications

Canada Dept of Finance

REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1970-71



NOTE
Original document available
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Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1970-71

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1970-71 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1971.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1971 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and The Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000.00, while the value of outstanding bonds redeemed by The Netherlands was \$32,130,000.00. Repayments of principal on the balance of the debt of these two governments were resumed as scheduled during the 1970-71 fiscal year.

China

Under authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, the total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949-50 and a further \$756,557.34 during fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on operations during the fiscal year 1952-53, it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1970-71.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of the Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000.00, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest

payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to date of payment totalled \$14,470,310.00 and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

FISCAL YEAR 1970-71

	BONDS OUTSTANDING AT MARCH 31, 1970		PAYMENTS OF PRINCIPAL FISCAL YEAR 1970-71		BONDS OUTSTANDING AT MARCH 31, 1971	INTEREST PAYMENTS FISCAL YEAR 1970-71	
			<u>DUE</u>	<u>PAID</u>		<u>DUE</u>	<u>PAID</u>
BELGIUM	\$ 16,149,000.00		\$ 2,307,000.00	\$ 2,307,000.00	\$ 13,842,000.00	\$ 449,865.00	\$ 449,865.00
CHINA	49,426,117.50	(1)	1,740,000.00	-----	49,426,117.50	(2)	1,482,783.53
FRANCE	66,944,000.00		8,368,000.00	8,368,000.00	58,576,000.00	2,008,320.00	2,008,320.00
THE NETHERLANDS	32,130,000.00		4,590,000.00	4,590,000.00	27,540,000.00	1,032,750.00	1,032,750.00
	<u>\$164,649,117.50</u>		<u>\$17,005,000.00</u>	<u>\$15,265,000.00</u>	<u>\$149,384,117.50</u>	<u>\$4,973,718.53</u>	<u>\$3,490,935.00</u>

(1) This amount is the value of the bonds which matured December 31, 1970.
The figure does not include bonds totalling \$35,506,117.50 which matured earlier and are still unpaid.

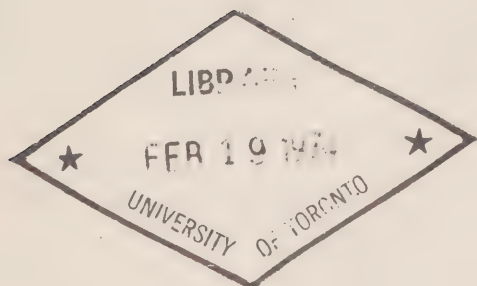
(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1970-71.
Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30 and December 30 in each year until payment thereof in full.

9P-284-1/139

Government
Publications

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REPORT
on
OPERATIONS UNDER PART II
of
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1971-72



NOTE
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Dept. of Finance
April 7, 1972

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Report on Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1971-72

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1971-72 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1972.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1972 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and The Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000, while the value of outstanding bonds redeemed by The Netherlands was \$32,130,000. Repayments of principal on the balance of the debt of these two governments were resumed as scheduled during the 1970-71 fiscal year.

China

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949-50 and a further \$756,557.34 during fiscal year 1950-51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on Operations during the fiscal year 1952-53, it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1971-72.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of the Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to date of payment totalled \$14,470,310, and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

	<u>FISCAL YEAR 1971-72</u>				<u>INTEREST PAYMENTS</u>			
	<u>PAYMENTS OF PRINCIPAL</u>		<u>BONDS OUTSTANDING</u>		<u>FISCAL YEAR 1971-72</u>		<u>PAID</u>	
	<u>DUE</u>	<u>PAID</u>	<u>AT MARCH 31, 1971</u>	<u>AT MARCH 31, 1972</u>	<u>DUE</u>	<u>PAID</u>	<u>AT MARCH 31, 1972</u>	<u>PAID</u>
ALGERIA	\$ 13,842,000.00	\$ 2,307,000.00	\$ 2,307,000.00	\$ 11,535,000.00	\$ 380,655.00	\$ 380,655.00		
ARGENTINA	49,426,117.50	(1) 1,740,000.00	-----	49,426,117.50	(2) 1,482,785.53	-----		
AUSTRALIA	58,576,000.00	8,368,000.00	8,368,000.00	50,208,000.00	1,757,280.00	1,757,280.00		
BELGIUM	27,540,000.00	4,590,000.00	4,590,000.00	22,950,000.00	895,050.00	895,050.00		
NETHERLANDS	\$149,384,117.50	\$17,005,000.00	\$15,265,000.00	\$134,119,117.50	\$4,515,768.53	\$3,052,985.00		

- (1) This amount is the value of the bonds which matured December 31, 1971. The figure does not include bonds totalling \$37,246,117.50 which matured earlier and are still unpaid.
- (2) This amount is the sum of semi-annual interest payments due in the fiscal year 1971-72. Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 5% per annum on June 30 and December 30 in each year until payment thereof in full.

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REPORT

ON

OPERATIONS UNDER PART II

OF

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1972-73

Canada

Department of Finance
May 17, 1973

NOTE

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Report of Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1972-73

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1972-73 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1973.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1973 were received, with the exception reported below in respect of the loans made to or guaranteed by the Government of China.

Advance Repayments:

Advance repayments of principal due during the fiscal years 1963-64 to 1969-70 inclusive were received from the Governments of France and The Netherlands in 1962-63. The bonds outstanding that were redeemed by France amounted to \$58,576,000, while the value of outstanding bonds redeemed by The Netherlands was \$32,130,000. Repayments of principal on the balance of the debt of these two governments were resumed as scheduled during the 1970-71 fiscal year.

China:

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949/50, and a further \$756,557.34 during fiscal year 1950/51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on Operations during the fiscal year 1952-53, it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1972-73.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of the Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to date of payment totalled \$14,470,310, and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

		FISCAL YEAR 1972-73		INTEREST PAYMENTS FISCAL YEAR 1972-73 DUE PAID	
		PAYMENTS OF PRINCIPAL FISCAL YEAR 1972-73 DUE PAID		BONDS OUTSTANDING AT MARCH 31, 1973	

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Amend
Publications

REPORT
ON
OPERATIONS UNDER PART II
OF
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1973-74

Department of Finance
April 24, 1974



Report of Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1973-74

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1973-74 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1974.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1974 were received, with the exception reported below in respect of the loans made to the Government of China. In addition, an amount in default since 1960/61 on a guaranteed loan to the Ming Sung Industrial Company Limited was paid by the Government of the People's Republic of China.

China

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949/50, and a further \$756,557.34 during fiscal year 1950/51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on Operations during the fiscal year 1952-53, it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1973-74. The amount outstanding at March 31, 1974 was \$49,426,117.50.

The guarantees given by the Government of China and by the Minister of Finance, under authority of Part II of the Export Credits Insurance Act, to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company Limited, a Chinese Corporation, have been described in previous reports. The total loan to the Ming Sung Company amounted to \$12,750,000, bore interest at the rate of 3 per cent per annum payable quarterly, and was to have been repaid in ten equal annual instalments, commencing June 30, 1951. This Company defaulted on all repayments of principal, and on all interest payments due September 30, 1951 and later. Payment was not made by the Government of China, the primary guarantor, which had undertaken in 1946 to indemnify the Government of Canada against loss in connection with its guarantee as required by the Export Credits Insurance Act, and the banks called upon the Canadian Government to implement its guarantee. The defaulted amounts with interest to date of payment totalled \$14,470,310 including \$1,126.94 of legal fees, and were paid to the banks by the Canadian Government in accordance with its guarantee with the final instalment being paid during the fiscal year 1960-61. In June 1973, Canada received \$14,469,183.06 from the People's Republic of China in final settlement of this claim. In order to facilitate the successful negotiation of the claim, it was decided not to press for repayment of the above-mentioned legal costs.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

FISCAL YEAR 1973 - 74

	BONDS OUTSTANDING AT MARCH 31, 1973	PAYMENTS OF PRINCIPAL FISCAL YEAR 1973-74 DUE	BONDS OUTSTANDING AT MARCH 31, 1974	INTEREST PAYMENTS FISCAL YEAR 1973-74 DUE	PAID
BELGIUM	\$ 9,228,000.00	\$ 2,307,000.00	\$ 6,921,000.00	\$ 242,235.00	\$ 242,235.00
CHINA	49,426,117.50 (1)	1,740,000.00	49,426,117.50 (2)	1,482,783.53	-----
FRANCE	41,840,000.00	8,368,000.00	33,472,000.00	1,255,200.00	1,255,200.00
THE NETHERLANDS	18,360,000.00	4,590,000.00	13,770,000.00	596,700.00	596,700.00
	\$118,854,117.50	\$17,005,000.00	\$103,589,117.50	\$3,576,918.53	\$2,094,135.00

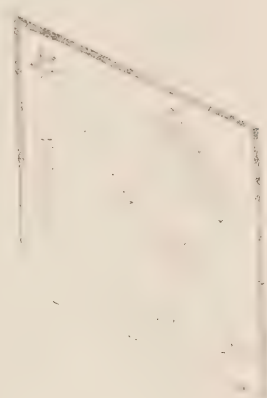
(1) This amount is the value of the bonds which matured December 31, 1973.
The figure does not include bonds totalling \$40,726,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1973-74.
Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30 and December 30 in each year until payment thereof in full.

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Government
Publications

REPORT
ON
OPERATIONS UNDER PART II
OF
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1974-75



Canada

Department of Finance
April 28, 1975

Report of Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1974-75

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1974-75 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1975.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1975 were received, with the exception reported below in respect of the loans made to the Government of China.

China

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949/50, and a further \$756,557.34 during fiscal year 1950/51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on Operations during the fiscal year 1952-53, it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of that Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1974-75. The amount outstanding at March 31, 1975 was \$49,426,117.50.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

FISCAL YEAR 1974-75

	BONDS OUTSTANDING AT MARCH 31, 1974		PAYMENTS OF PRINCIPAL FISCAL YEAR 1974-75		BONDS OUTSTANDING AT MARCH 31, 1975		INTEREST PAYMENTS FISCAL YEAR 1974-75	
			DUE	PAID			DUE	PAID
BELGIUM	\$ 6,921,000.00		\$ 2,307,000.00	\$ 2,307,000.00	\$ 4,614,000.00		\$ 173,025.00	\$ 173,025.00
CHINA	49,426,117.50		1,740,000.00 (1)	-----	49,426,117.50		1,482,783.53 (2)	-----
FRANCE	33,472,000.00		8,368,000.00	8,368,000.00	25,104,000.00		1,004,160.00	1,004,160.00
THE NETHERLANDS	13,770,000.00		4,590,000.00	4,590,000.00	9,180,000.00		447,525.00	447,525.00
	<u>\$103,589,117.50</u>		<u>\$17,005,000.00</u>	<u>\$15,265,000.00</u>	<u>\$88,324,117.50</u>		<u>\$3,107,493.53</u>	<u>\$1,624,710.00</u>

(1) This amount is the value of the bonds which matured December 31, 1974.

The figure does not include bonds totalling \$42,466,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1974-75.

Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30 and December 30 in each year until payment thereof in full.

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Government
Publications

REPORT
ON
OPERATIONS UNDER PART II
OF
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1975-76



Department of Finance
April 12, 1976

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Report of Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1975-76

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1975-76 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1976.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1976 were received, with the exception reported below in respect of the loans made to the Government of China.

China

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949/50, and a further \$756,557.34 during fiscal year 1950/51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on Operations during the fiscal year 1952-53, it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of the Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1975-76. The amount of principal outstanding at March 31, 1976 was \$49,426,117.50.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

FISCAL YEAR 1975-76

	BONDS OUTSTANDING		PAYMENT OF PRINCIPAL		BONDS OUTSTANDING		INTEREST PAYMENTS	
	AT		FISCAL YEAR 1975-76		AT		FISCAL YEAR 1975-76	
	<u>MARCH 31, 1975</u>	<u>DUE</u>	<u>PAID</u>		<u>MARCH 31, 1976</u>	<u>DUE</u>	<u>PAID</u>	
BELGIUM	\$ 4,614,000.00	\$ 2,307,000.00	\$ 2,307,000.00		\$ 2,307,000.00	\$ 103,815.00	\$ 103,815.00	
CHINA	49,426,117.50	1,740,000.00(1)	-----		49,426,117.50	1,482,783.53(2)	-----	
FRANCE	25,104,000.00	8,368,000.00	8,368,000.00		16,736,000.00	760,500.00	760,500.00	
THE NETHERLANDS	9,180,000.00	4,590,000.00	4,590,000.00		4,590,000.00	298,350.00	298,350.00	
	<u>\$88,324,117.50</u>	<u>\$17,005,000.00</u>	<u>\$15,265,000.00</u>		<u>\$73,059,117.50</u>	<u>\$ 2,645,448.53</u>	<u>\$ 1,162,665.00</u>	

- (1) This amount is the value of the bonds which matured December 31, 1975.
 This figure does not include bonds totalling \$44,206,117.50 which matured earlier and are still unpaid.
- (2) This amount is the sum of semi-annual interest payments due in the fiscal year 1975-76.
 Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30 and December 30 in each year until payment thereof in full.

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CANADIAN FINANCE, Report 1
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Government
Publication

REPORT
ON
OPERATIONS UNDER PART II
OF
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1976-77



Department of Finance
April 12, 1977

Report of Operation under Part II of
The Export Credit Insurance Act
Fiscal Year 1976-77

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1976-77 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1977.

Payments of principal and interest due on loans during the fiscal year ended March 31, 1977 were received, with the exception reported below in respect of the loans made to the Government of China. During the fiscal year, final instalments were received on the credits extended to the Governments of Belgium and the Netherlands.

China

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949/50, and a further \$756,557.34 during fiscal year 1950/51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on Operations during the fiscal year 1952-53, it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of the Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1976-77. The amount of principal outstanding at March 31, 1977 was \$49,126,117.50.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

FISCAL YEAR 1976 - 1977

	BONDS OUTSTANDING AT MARCH 31, 1976	PAYMENT OF PRINCIPAL FISCAL YEAR 1976-77 DUE	BONDS OUTSTANDING AT MARCH 31, 1977	INTEREST PAYMENTS FISCAL YEAR 1976-77 DUE
BELGIUM	\$ 2,307,000.00	\$ 2,307,000.00	NIL	\$ 34,605.00
CHINA	49,426,117.50	1,740,000.00 (1)	\$49,426,117.50	1,482,783.53 (2)
FRANCE	16,736,000.00	8,368,000.00	8,368,000.00	502,080.00
THE NETHERLANDS	4,590,000.00	4,590,000.00	NIL	149,175.00
	\$73,059,117.50	\$17,005,000.00	\$57,794,117.50	\$ 2,168,643.53
				\$ 685,860.00

- (1) This amount is the value of the bonds which matured December 31, 1976.
This figure does not include bonds totaling \$45,946,117.50 which matured earlier and are still unpaid.
- (2) This amount is the sum of semi-annual interest payments due in the fiscal year 1976-77.
Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30 and December 30 in each year until payment thereof in full.

RAPPORT
SUR LES OPERATIONS EFFECTUEES EN VERTU
DE LA PARTIE II
DE
LA LOI SUR L'ASSURANCE DES CREDITS A L'EXPORTATION
AU COURS DE L'ANNEE FINANCIERE 1976-77

Ministère des finances
Le 12 avril 1977

Rapport sur les opérations effectuées en vertu de la Partie II
de la Loi sur l'assurance des crédits à l'exportation au cours
de l'année financière 1976-77

Toutes les opérations de prêt en vertu de la Partie II de la Loi sur l'assurance des crédits à l'exportation se sont terminées le ou avant le 31 décembre 1948. Le rapport sur les opérations de l'exercice 1948-1949 comportait une étude complète desdites opérations en vertu du programme des crédits à l'exportation.

Le relevé ci-joint indique les paiements effectués pendant l'exercice 1976-77 sur les obligations émises par les gouvernements emprunteurs à l'égard de crédits directs consentis en vertu de la Partie II de la Loi et le solde des prêts impayés au 31 mars 1977.

Les paiements de capital et d'intérêts exigibles sur des prêts pendant l'exercice ayant pris fin le 31 mars 1977 ont été reçus, sauf l'exception indiquée ci-dessous, à l'égard des emprunts faits par le gouvernement de la Chine. Les derniers versements à l'égard des prêts octroyés aux gouvernements de la Belgique et des Pays-Bas ont été reçus au cours de l'année financière.

Chine

En vertu de la Loi sur l'assurance des crédits à l'exportation, le gouvernement canadien a versé la somme de \$51,037,091.15 au gouvernement de la Chine pendant la période du 7 février 1946 au 31 décembre 1948. Ces avances et les intérêts courus ont été consolidés en 1947 et 1948, portant la dette totale ainsi consolidée à \$52,215,997.48. Sur ce montant, la Chine a remboursé \$1,755,977.48 pendant l'exercice 1948-1949, \$277,325.16 pendant l'exercice 1949-1950 et \$756,557.34 pendant l'exercice 1950-1951. Des arrangements spéciaux ont été établis par le décret C.P. 270 du 17 janvier 1951 pour différer jusqu'au 31 décembre 1952 le paiement du capital et des intérêts de ce prêt. Le rapport de l'exercice 1952-1953 signalait que les paiements échus en vertu de ces arrangements spéciaux n'avaient pas été faits. Aucune somme n'a été payée sur ces montants depuis la date dudit rapport; en outre, comme l'indique le tableau ci-joint, aucun paiement ultérieur de capital ou d'intérêt n'a été reçu, y compris le paiement échu dans l'exercice 1976-77. Le montant du capital en souffrance au 31 mars 1977 était de \$49,426,117.50.

Prêts directs - Paiements et soldes impayés

Exercice 1976-77

	OBLIGATIONS EN COURS AU 31 MARS 1976		REMBOURSEMENTS DE CAPITAL EXERCICE FINANCIER 1976-77 échus		payés		OBLIGATIONS EN COURS AU 31 MARS 1977		PAIEMENTS D'INTERETS EXERCICE 1976-77 échus		payés	
BELGIQUE	\$	2,307,000.00	\$	2,307,000.00	\$	2,307,000.00		-----	\$	34,605.00	\$	34,605.00
CHINE		49,426,117.50		1,740,000.00 (1)		-----		\$49,426,117.50		1,482,783.53 (2)		-----
FRANCE		16,736,000.00		8,368,000.00		8,368,000.00		8,368,000.00		502,080.00		502,080.00
PAYS-BAS		4,590,000.00		4,590,000.00		4,590,000.00		-----		149,175.00		149,175.00
	\$	73,059,117.50		\$17,005,000.00		\$15,265,000.00		\$57,794,117.50		\$2,168,643.53		\$685,860.00

(1) Cette somme représente la valeur des obligations échues le 31 décembre, 1976.

Elle ne comprend pas \$45,946,117.50 d'obligations échues avant mais encore impayées.

(2) Ce montant représente la somme des paiements semestriels d'intérêts échus au cours de l'exercice 1976-77. L'intérêt est payable sur les obligations ou sur le solde impayé de temps à autre au taux de 3 p. 100 par année le 30 juin et le 30 décembre de chaque année jusqu'à paiement complet.

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REPORT
ON
OPERATIONS UNDER PART II
OF
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1977-78

Department of Finance
April 14, 1978



Report of Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1977-78

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

The attached statement shows payments during the fiscal year 1977-78 on bonds issued by borrowing governments in respect of direct credits extended under Part II of the Act, and the balance of the loans outstanding on March 31, 1978.

Payments of interest and the final instalment of principal due on the loan to the Government of France were received during the fiscal year 1977-78. As of March 31, 1978, the only loan still outstanding was that extended to the Government of China. Payments due on it during the year were not received. The history of this credit is described briefly below.

China

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949/50, and a further \$756,557.34 during fiscal year 1950/51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. In the Report on Operations during the fiscal year 1952-53, it was reported that payments due under these special arrangements had not been made. Nothing has been paid on these amounts since the date of the Report, nor, as is shown in the table, have any subsequent payments of principal and interest due been received, including the payment due during the fiscal year 1977-78. The amount of principal outstanding at March 31, 1978 was \$49,426,117.50.

DIRECT LOANS - PAYMENTS AND BALANCES OUTSTANDING

FISCAL YEAR 1977 - 1978

	BONDS OUTSTANDING AT MARCH 31, 1977	PAYMENT OF PRINCIPAL FISCAL YEAR 1977-78 DUE	BONDS OUTSTANDING AT MARCH 31, 1978	INTEREST PAYMENTS FISCAL YEAR 1977-78 DUE PAID
CHINA	\$49,426,117.50	\$1,740,000.00 (1)	\$49,426,117.50	\$1,482,783.53 (2)
FRANCE	8,368,000.00	8,368,000.00	8,368,000.00	251,040.00
	\$57,794,117.50	\$10,108,000.00	\$49,426,117.50	\$1,733,823.53
				\$251,040.00

(1) This amount is the value of the bonds which matured December 31, 1977.

This figure does not include bonds totalling \$47,686,117.50 which matured earlier and are still unpaid.

(2) This amount is the sum of semi-annual interest payments due in the fiscal year 1977-78.

Interest is payable on the bonds or on so much as remains unpaid from time to time at the rate of 3% per annum on June 30 and December 30 in each year until payment thereof in full.

RAPPORT
SUR LES OPERATIONS EFFECTUEES EN VERTU
DE LA PARTIE II
DE

LA LOI SUR L'ASSURANCE DES CREDITS A L'EXPORTATION

AU COURS DE L'ANNEE FINANCIERE 1977-78

Ministère des finances
le 14 avril 1978

Rapport sur les opérations effectuées en vertu de la Partie II
de la Loi sur l'assurance des crédits à l'exportation au cours
de l'année financière 1977-78

Toutes les opérations de prêt en vertu de la Partie II de la Loi sur l'assurance des crédits à l'exportation se sont terminées le ou avant le 31 décembre 1948. Le rapport sur les opérations de l'exercice 1948-1949 comportait une étude complète desdites opérations en vertu du programme des crédits à l'exportation.

Le relevé ci-joint indique les paiements effectués pendant l'exercice 1977-78 sur les obligations émises par les gouvernements emprunteurs à l'égard de crédits directs consentis en vertu de la Partie II de la Loi et le solde des prêts impayés au 31 mars 1978.

Les paiements d'intérêts et le versement final du principal dû relativement au prêt consenti au gouvernement de la France ont été reçus durant l'année financière 1977-1978. Au 31 mars 1978, le prêt consenti au gouvernement de la Chine était le seul qui était encore impayé. Les versements dus à cet égard durant l'année n'ont pas été reçus. L'historique de ce prêt est exposé brièvement ci-après.

Chine

En vertu de la Loi sur l'assurance des crédits à l'exportation, le gouvernement canadien a versé la somme de \$51,037,091.15 au gouvernement de la Chine pendant la période du 7 février 1946 au 31 décembre 1948. Ces avances et les intérêts courus ont été consolidés en 1947 et 1948, portant la dette totale ainsi consolidée à \$52,215,997.48. Sur ce montant, la Chine a remboursé \$1,755,977.48 pendant l'exercice 1948-1949, \$277,325.16 pendant l'exercice 1949-1950 et \$756,557.34 pendant l'exercice 1950-1951. Des arrangements spéciaux ont été établis par le décret C.P. 270 du 17 janvier 1951 pour différer jusqu'au 31 décembre 1952 le paiement du capital et des intérêts de ce prêt. Le rapport de l'exercice 1952-53 signalait que les paiements échus en vertu de ces arrangements spéciaux n'avaient pas été faits. Aucune somme n'a été payée sur ces montants depuis la date dudit rapport; en outre, comme l'indique le tableau ci-joint, aucun paiement ultérieur de capital ou d'intérêt n'a été reçu, y compris le paiement échu dans l'exercice 1977-78. Le montant du capital en souffrance au 31 mars 1978 était de \$49,426,117.50.

Prêts directs - Paiements et soldes impayés

Exercice 1977-78

	OBLIGATIONS EN COURS		REMBOURSEMENTS DE CAPITAL		OBLIGATIONS EN COURS		PAIEMENTS D'INTERETS	
	AU 31 MARS 1977		EXERCICE FINANCIER 1977-78 échus	payés	AU 31 MARS 1978		EXERCICE 1977-78 échus	payés
CHINE	\$ 49,426,117.50		\$ 1,740,000.00 (1)	-----	\$49,426,117.50		\$1,482,783.53 (2)	-----
FRANCE	8,368,000.00		8,368,000.00	\$8,368,000.00	-----		251,040.00	\$251,040.00
	\$ 57,794,117.50		\$10,108,000.00	\$8,368,000.00	\$49,426,117.50		\$1,733,823.53	\$251,040.00

- (1) Cette somme représente la valeur des obligations échues le 31 décembre, 1977.
Elle ne comprend pas \$47,686,117.50 d'obligations échues avant mais encore impayées.

- (2) Ce montant représente la somme des paiements semestriels d'intérêts échus au cours de l'exercice 1977-78. L'intérêt est payable sur les obligations ou sur le solde impayé de temps à autre au taux de 3 p. 100 par année le 30 juin et le 30 décembre de chaque année jusqu'à paiement complet.

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REPORT
ON
OPERATIONS UNDER PART II
OF
THE EXPORT CREDITS INSURANCE ACT
DURING THE FISCAL YEAR 1978-79

Department of Finance
November 2, 1979



Report of Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1978-79

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

As of March 31, 1979, the only loan still outstanding was that extended to the Government of China. No payments were received on it during 1978-79. The history of this credit is described briefly below.

China

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949/50, and a further \$756,557.34 during fiscal year 1950/51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. Nothing was paid under these special arrangements nor have any payments of principal and interest due been received subsequently.

As indicated in the Report on Operations during the fiscal year 1977-78, the final payment of principal on this debt was due on December 31, 1977, at which time the total principal amount which was due and payable was \$49,426,117.50. Interest is payable on the bonds, or on so much as remains unpaid from time to time, at a rate of 3% per annum on June 30 and December 30 in each year until payment thereof in full. The total of the interest payments which had accumulated on the principal amount of the advances as of March 31, 1979 was \$41,957,430.01.

RAPPORT

SUR LES OPÉRATIONS EFFECTUÉES EN VERTU

DE LA PARTIE II

DE

LA LOI SUR L'ASSURANCE DES CRÉDITS À L'EXPORTATION

AU COURS DE L'ANNÉE FINANCIÈRE 1978-79

Ministère des Finances
le 2 novembre 1979

Rapport sur les opérations effectuées en vertu de
la Partie II de la Loi sur l'assurance des crédits
à l'exportation au cours de l'année financière
1978-1979

Toutes les opérations de prêt en vertu de la Partie II de la Loi sur l'assurance des crédits à l'exportation se sont terminées le ou avant le 31 décembre 1948. Le rapport sur les opérations de l'exercice 1948-1949 comportait une étude complète desdites opérations en vertu du programme des crédits à l'exportation.

Au 31 mars 1979, le prêt consenti au gouvernement de la Chine était le seul qui était encore impayé. Aucun versement n'a été fait à son égard pendant l'exercice 1978-1979. L'historique de ce prêt est exposé brièvement ci-après.

Chine

En vertu de la Loi sur l'assurance des crédits à l'exportation, le gouvernement canadien a versé la somme de \$51,037,091.15 au gouvernement de la Chine pendant la période allant du 7 février 1946 au 31 décembre 1948. Ces avances et les intérêts courus ont été consolidés en 1947 et 1948, portant la dette totale ainsi consolidée à \$52,215,997.48. Sur ce montant, la Chine a remboursé \$1,755,997.48 pendant l'exercice 1948-1949, \$277,325.16 pendant l'exercice 1949-1950 ainsi que \$756,557.34 pendant l'exercice 1950-1951. Des arrangements spéciaux ont été établis par le décret C.P. 270 du 17 janvier 1951 pour différer jusqu'au 31 décembre 1952 le paiement du capital et des intérêts de ce prêt. Aucun versement n'a été fait au titre de ces arrangements spéciaux et aucun paiement du principal et des intérêts n'a été fait ultérieurement.

Comme l'indique le rapport sur les opérations pour l'exercice 1977-1978, le paiement final du principal de cette dette était exigible le 31 décembre 1977; son montant total dû s'élevait alors à \$49,426,117.50. L'intérêt est exigible sur les obligations ou sur le solde impayé de temps à autre, au taux de 3% par an, les 30 juin et 30 décembre de chaque année jusqu'à leur remboursement complet. Le montant total des intérêts ajouté au montant principal des avances s'élevait, au 31 mars 1979, à \$41,957,430.01.

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REPORT
ON

OPERATIONS UNDER PART II

- OF

THE EXPORT CREDITS INSURANCE ACT

DURING THE FISCAL YEAR 1979-80

Department of Finance
May 8, 1980



Report of Operations under Part II of
The Export Credits Insurance Act
Fiscal Year 1979-80

All lending operations under Part II of the Export Credits Insurance Act terminated on or before December 31, 1948. The Report covering operations during the fiscal year 1948-49 included a comprehensive review of those operations under the Export Credit Programme.

As of March 31, 1980, the only loan still outstanding was that extended to the Government of China. No payments were received on it during 1979-80. The history of this credit is described briefly below.

China

Under the authority of the Export Credits Insurance Act, the Government of Canada disbursed \$51,037,091.15 to the Government of China during the period February 7, 1946 to December 31, 1948. These advances, together with accrued interest, were consolidated in 1947 and 1948, with total debt thus consolidated amounting to \$52,215,997.48. China redeemed \$1,755,997.48 of this consolidated debt in fiscal 1948/49, \$277,325.16 during fiscal year 1949/50, and a further \$756,557.34 during fiscal year 1950/51. Special arrangements were made for the deferral of principal and interest on this loan until December 31, 1952 by Order in Council P.C. 270, dated January 17, 1951. Nothing was paid under these special arrangements nor have any payments of principal and interest due been received subsequently.

As indicated in the Report on Operations during the fiscal year 1977-78, the final payment of principal on this debt was due on December 31, 1977, at which time the total principal amount which was due and payable was \$49,426,117.50. Interest is payable on the bonds, or on so much as remains unpaid from time to time, at a rate of 3% per annum on June 30 and December 30 in each year until payment thereof in full. The total of the interest payments which had accumulated on the principal amount of the advances as of March 31, 1980 was \$43,440,213.54:

RAPPORT

SUR LES OPERATIONS EFFECTUEES EN VERTU

DE LA PARTIE II

DE

LA LOI SUR L'ASSURANCE DES CREDITS A L'EXPORTATION

AU COURS DE L'ANNEE FINANCIERE 1979-80

Ministère des Finances
le 8 mai 1980

Rapport sur les opérations effectuées en vertu de
la Partie II de la Loi sur l'assurance des crédits
à l'exportation au cours de l'année financière
1979-80

Toutes les opérations de prêt en vertu de la Partie II de la Loi sur l'assurance des crédits à l'exportation se sont terminées le ou avant le 31 décembre 1948. Le rapport sur les opérations de l'exercice 1948-1949 comportait une étude complète desdites opérations en vertu du programme des crédits à l'exportation.

Au 31 mars 1980, le prêt consenti au gouvernement de la Chine était le seul qui était encore impayé. Aucun versement n'a été fait à son égard pendant l'exercice 1979-1980. L'historique de ce prêt est exposé brièvement ci-après.

Chine

En vertu de la Loi sur l'assurance des crédits à l'exportation, le gouvernement canadien a versé la somme de \$51,037,091.15 au gouvernement de la Chine pendant la période allant du 7 février 1946 au 31 décembre 1948. Ces avances et les intérêts courus ont été consolidés en 1947 et 1948, portant la dette totale ainsi consolidée à \$52,215,997.48. Sur ce montant, la Chine a remboursé \$1,755,997.48 pendant l'exercice 1948-1949, \$277,325.16 pendant l'exercice 1949-1950 ainsi que \$756,557.34 pendant l'exercice 1950-1951. Des arrangements spéciaux ont été établis par le décret C.P. 270 du 17 janvier 1951 pour différer jusqu'au 31 décembre 1952 le paiement du capital et des intérêts de ce prêt. Aucun versement n'a été fait au titre de ces arrangements spéciaux et aucun paiement du principal et des intérêts n'a été fait ultérieurement.

Comme l'indique le rapport sur les opérations pour l'exercice 1977-1978, le paiement final du principal de cette dette était exigible le 31 décembre 1977; son montant total dû s'élevait alors à \$49,426,117.50. L'intérêt est exigible sur les obligations ou sur le solde impayé de temps à autre, au taux de 3% par an, les 30 juin et 30 décembre de chaque année jusqu'à leur remboursement complet. Le montant total des intérêts ajouté au montant principal des avances s'élevait, au 31 mars 1980, à \$43,440,213.54.

